

The Zoological Society of London

Trustees' Report and Financial Statements

31 December 2013

Registered Charity No. 208728

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1. Trustees' Report 31 December 2013

The Trustees are pleased to submit this report and the financial statements for the year to 31 December 2013. Further information about the Society's activities is given in a separate document, *ZSL The Year in Review* ('Annual Review'), which can be obtained from the Finance Director or online from www.zsl.org.

Objectives of the Society and Mission Statement

The objectives of the Zoological Society of London (ZSL), also referred to in this report as 'the Society', 'the Charity' and 'the Zoos', as set out in its Charter, are: 'The advancement of zoology by, 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, free visits as part of the Junior Citizen initiative and Special Children's Day at discounted prices. We also fund and run a world-renowned zoological library, with open access at no charge.

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

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

Our mission: To promote and achieve the worldwide conservation of animals and their habitats.

Guiding principles

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

1. **Respecting and valuing animals and the natural world.**
Our belief is that a diverse and healthy natural world is valuable in its own right and is essential for ensuring secure and healthy lives for people. This motivates ZSL's vision and mission, and our other core values follow from this.
2. **Inspiring conservation action.**
We seek to motivate others to take conservation action in their daily lives.
3. **Achieving excellence in our field.**
Building on our heritage, Royal Patronage since 1831 and reputation as a learned society, we aim to be an authoritative source of information and good practice for the scientific study, conservation and husbandry of animals; and to make efficient and effective use of available resources to achieve the highest possible standards in everything we do in the operation of a successful and innovative conservation organisation.
4. **Acting ethically, responsibly and sustainably.**
We aim to operate in fair and justifiable ways that do not conflict with our mission/objectives and which respect the environment.
5. **Valuing everyone we work with.**
We support and value teamwork and collaboration, strive for fair and equitable treatment of everyone with whom we work and come into contact, and aim to act with respect and courtesy in all our dealings.

Strategic aims

ZSL pursues its mission through five key strategic aims:

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

ZSL will achieve this strategic aim by:

- Encouraging and rewarding excellence in the performance and communication of science, conservation and animal husbandry
- Using our unique convening role as a leading learned society to foster and achieve international excellence in science relevant to our core conservation priorities

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

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

ZSL will achieve this strategic aim by:

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

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

ZSL will achieve this strategic aim by:

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

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

ZSL will achieve this strategic aim by:

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

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

ZSL will achieve this strategic aim by:

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

Plans and objectives for the year 2013

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

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

Charity profile

- Throughout the year we continued to use our Zoos to invite potential and existing supporters to hear about the work that we do and highlight our key achievements. Many visitors were motivated to support our projects financially.
- Following a strong communications campaign focusing on our supporters, we were granted £500,000 for our anti-poaching work after winning the 2013 Google Global Impact Award in a competitive public vote.
- The challenge and community fundraising team generated more than £300,000 in 2013 through a series of charity events.
- We have increased ZSL's engagement with corporate partners to deliver more than £1.3m of income to the Society through corporate membership, cause-related marketing, donations, in-kind giving and sponsorship.
- ZSL's position statement on millions of McVitie's Penguin packs also increased awareness of our work and charity status.
- We maximised opportunities to improve ZSL's cost-efficiency by generating in-kind support of professional services such as pro bono legal counsel through White & Case and Programme Management consultancy from PwC, as well as identifying budget-relieving opportunities through gifts in-kind, such as carpet tiles from Interface, courier services from DHL and screens from LG Electronics, which in total in the year amounted to approximately £65,000 in value.

Commercial achievements

- At ZSL London Zoo we increased ticket spend per head by 8% year on year, coupled with a 27% growth in visitor volumes. This combined to grow ticket income by 36%.
- At ZSL Whipsnade Zoo visitors increased 15% year on year and, although ticket revenues remained stable, this volume helped increase profit across the secondary commercial areas of donations, Gift Aid, retail and catering, along with a successful year in membership.
- We held several consumer events in 2013 at both Zoos, from London's flagship 'Zoo Lates', which generated a substantial contribution to funds, with more than 60,000 visitors attending, to new events such as silent cinema screenings.
- We were ranked third on JustGiving in 2013 among charities most likely to be shared on fundraisers' social media pages.
- We have obtained £52.2m of equivalent advertising value media coverage, including significant volumes for our fundraising initiatives and charity brand profile.
- We have continued to use our 'Live!' talks at both Zoos to promote ZSL's position as a charity and invite donations.
- The Whipsnade team delivered record sales of *Jumbo Express* train tickets in 2013.
- London saw the launch of the new £4.4m Terrace Restaurant and refurbishment of the Regent Building. We upgraded some facilities for our outsourced event and hospitality business and have challenging 2014 sales targets for these areas.
- The commercial development team that looks after our visitor experiences generated significantly increased sales. This included Lookout Lodge, Whipsnade's overnight experience, which achieved a 95% occupancy rate with minimal advertising.

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)

- IoZ saw the introduction of a new research theme on People, Wildlife and Ecosystems. This will contribute to our understanding of humans as a component of ecosystems to develop solutions to ensure sustainable coexistence in the face of environmental change. Research will explore the processes that promote and impede human-wildlife coexistence, evaluate the contribution of ecosystem services to sustainable livelihoods, economies and society, and study the effects of policy and management interventions on conservation outcomes.
- Ben Collen, Nathalie Pettorelli, Jonathan Baillie and Sarah Durant edited a new book in our Conservation Science and Practice series, co-published with Wiley-Blackwell. *Biodiversity Monitoring and Conservation* provides a multidisciplinary perspective on the urgent need for information on biological systems for policymakers to meet global conservation commitments and respond to environmental change.
- October saw the publication of a themed issue of *Philosophical Transactions of the Royal Society B*, titled 'Disease invasion: impacts on biodiversity and human health'. Articles in this issue, co-edited by Andrew Cunningham, focus on the extent to which wildlife pathogens threaten biodiversity and human health, the processes driving these disease threats, and how they might be mitigated.
- We developed a continental-scale classifier for acoustic identification of bats, which can be used throughout Europe to ensure objective, consistent and comparable species identification. These classifiers were packaged into the freely

available online tool iBatsID, enabling anyone to classify European calls in an objective and consistent way, and allowing standardised acoustic identification across the continent.

- Extreme natural events such as droughts, cyclones and wildfires can drastically affect wildlife populations. Using globally distributed data for cyclones and droughts, as well as information on the distribution of 5,760 terrestrial mammals, we showed that approximately a third of the species assessed have at least a quarter of their range exposed to cyclones, droughts or a combination of both. With these events expected to become more frequent, identifying populations exposed to such events and least likely to be resilient to future impacts will help provide a more informed evaluation of current conservation status and develop tailored management interventions to avoid local extinctions.
- Agriculturally altered landscapes, especially oil-palm plantations, are rapidly increasing in South East Asia. Decreased diversity of several taxonomic groups is commonly associated with conversion to oil palm, but data on anuran (frog and toad) diversity in plantations are lacking. We investigated how this differed between forests and oil-palm plantations on Peninsular Malaysia. Although plantations supported large numbers of breeding anurans, our study concluded that these were common, disturbance-tolerant species. Current practices are unlikely to encourage forest-dependent species into plantation landscapes. Nevertheless, we believe that with several management interventions, oil-palm plantations could provide habitat for some of the frog species that dwell in secondary forests.

3. Our scientific priorities for the coming year continue to include wildlife health and disease, and in addition the relationships between people, wildlife and ecosystems, to understand the effects of each on the wellbeing of the other, and our core contributions to biodiversity indicators. Following the outcome of the HEFCE review of funding to the IoZ, a priority will be to continue strengthening our own science and conservation links and the external links with our partner, University College London.

Wildlife health

While emerging infectious diseases are often caused by novel agents, known pathogens in new host species or new locations may also have a dramatic effect. Reports of garden bird morbidity and mortality have been collected by the Garden Bird Health Initiative, a research programme co-ordinated by IoZ, since 2005. Avian pox is a viral disease of birds that is considered endemic in a range of hosts in Britain. Avian pox in *Paridae* species (birds of the tit family) was first diagnosed in a great tit from south-east England in 2006, further to which the spatial and temporal patterns of avian pox in all species were analysed. Our study showed *Paridae* pox to be an emerging infectious disease in Britain's wild birds, possibly originating from viral incursion from Central Europe or Fennoscandia. It found that while *Paridae* pox can cause a significant reduction in host survival, particularly in juveniles, it is unlikely to cause significant population decline here.

Biodiversity indicators

The importance and conservation status of some of the world's most fascinating, and often overlooked, species groups were the focus of two studies led by ZSL's Indicators and Assessments Unit this year. To gain a greater understanding of the status of global biodiversity, the conservation status of a sample of 1,500 reptile species and more than 12,000 species of invertebrates was reviewed. Surprisingly, these groups were found to be under similar levels of extinction risk to other vertebrates and plants, where one-fifth of species were assessed as threatened. The study on reptiles used research and knowledge from more than 200 experts to make the assessments. It found that increasing rates of habitat loss are the primary threat to terrestrial reptile species. The results of the second study on invertebrates were published in *Spineless*, the most comprehensive assessment of the world's invertebrates to date.

Links to University College London (UCL)

- This year we introduced a joint MRes in Biodiversity, Evolution and Conservation in collaboration with UCL's Department of Genetics, Evolution and Environment and the Natural History Museum. The programme provides training in scientific approaches to studying and preserving biodiversity, and covers both basic research on the evolutionary and ecological processes that produced our present biodiversity and applied research on how to preserve biodiversity in the future.
- Technology for Nature is continuing to gather pace, with quarterly meetings at UCL with ZSL and Microsoft.
- Robin Freeman, previously a Research Fellow at UCL's Centre for Mathematics and Physics in the Life Sciences and Experimental Biology (CoMPLEX), started as head of Indicators and Assessments Unit at IoZ.
- Trent Garner (IoZ) and François Balloux (UCL) obtained a grant from the Natural Environment Research Council worth £252,674 on 'The spatial epidemiology and molecular evolution of panzootic amphibian chytridiomycosis'.

Communication and support

- We have promoted work in these areas to the public through our owned and earned communication channels. Examples include our collaborative work on the Rewilding Europe project and our indicators and assessments data. Science and conservation media coverage generated was worth £16.1m in equivalent advertising value – up 77% on 2012.
- Other ZSL channels communicated the work that we do, with 6.6 million visitors to our website and more than 135,000 people subscribed to our social media channels. We have continued to ensure that our science output is represented across all communications channels, including the *Wild About* members' magazine and our Zoo guidebooks.

- We have a specialist Twitter account dedicated to the IoZ team's science output, with some 4,000 engaged followers.
- Support from various sources helped to achieve this objective, including grants from the Rufford Foundation towards our International Union for Conservation of Nature Red List work, the Esmée Fairbairn Foundation towards the Garden Wildlife Health project and Thriplow Charitable Trust towards our Wildlife Health Bridge project.

4. We will continue our commitment to field conservation initiatives, strengthening activities in 50 countries and 12 core conservation hubs throughout Europe, Africa and Asia.

Field conservation programmes

In 2013, our existing hub sites were strengthened and three country offices were established with full-time ZSL staff in Kenya, Nepal and Thailand, while groundwork was undertaken to develop an office in China. Activities of note include:

- New remote camera-trapping monitoring units were tested in Kenya and successfully sent images by satellite to the UK.
- SMART, a patrol-based monitoring system developed by the SMART consortium, was completed and training carried out in a number of countries. The beta version was tested in the Tsavo ecosystem, Kenya.
- A large-scale EU grant was obtained and a substantial coastal management project initiated in Mozambique.
- A wildlife management plan for a timber company in Cameroon was implemented in 2,160sq km of forest.
- A status assessment of forest elephants across south-east Cameroon was completed.
- Camera-trap monitoring took place in Saudi Arabia, Thailand, Indonesia, Mongolia and Russia.
- No rhinos were lost to poachers in the Bardia National Park, Nepal, in 2013.
- Amur tigers are stable or increasing at our site in the Russian Far East, with signs of at least three litters born in 2013.
- The Mongolian undergraduate tools and techniques training course was held in Mongolia.
- Net-Works, a project that removes discarded fishing nets from coastal environments and turns them into carpet tiles – using a sustainable business model with the potential to be self-financing – was implemented in the Philippines and is now being expanded to other parts of the world. The resulting carpet range launched in Europe, Singapore and the US.

Native species and habitats

- Eel, seal and puffin population monitoring all took place in the UK and Ireland. Eel passes, to allow eels to progress upstream more easily, were implemented and eel distributions subsequently expanded.
- Throughout the year the condition of Whipsnade's Site of Special Scientific Interest continued to improve, with ragwort control being particularly successful. Natural England has now designated this area as 'favourable', illustrating the excellent work done by Acer Conservation, Whipsnade's horticultural department and our vital team of volunteers.
- More than 35 clutches of corncrake eggs were laid and 98 chicks successfully reared by our bird team. Seventy birds were released at Cambridgeshire's Nene Washes, with others returned to Whipsnade and Pensthorpe for future breeding stock.

Communication, Education and Public Awareness (CEPA)

The connection between our Discovery & Learning (D&L) team, conservation programmes and IoZ has continued to strengthen, with the former inputting into various grants and proposals and providing expertise and, in some cases, personnel support for our conservation and scientific work. Some highlights from 2013 include:

- The head of D&L visited China with senior IoZ and EDGE staff to deliver a four-day training course on CEPA.
- At the ZSL Global Conservation Meeting, the head of D&L and evaluation coordinator delivered a one-day course on social aspects of conservation, attended by more than 25 ZSL in-country staff.
- A workshop on the social dimensions of the pangolin crisis was written for the first international pangolin symposium.
- ZSL's evaluation coordinator assisted the EDGE team on a visit to Panama to study pygmy sloths, conducting interviews with local communities to gain a better understanding of their knowledge, attitudes and behaviour towards this species.
- In partnership with Save the Rhino International, the North Luangwa Conservation Education Programme reached 22 schools in the North Luangwa National Park in Zambia, delivering lessons on conservation and sustainability topics. ZSL was asked to help develop the programme in 2012 and it won a BIAZA award for Best Education Project (Schools and Educational Institutions) in November 2013.
- D&L continues to work on the long-term, FCO-funded Connect Chagos project in collaboration with our conservation programmes team. A new Chagos project officer started in May 2013. Successful family days were held in Crawley and Blackpool, furthering our work to connect with the UK's Chagossian communities. Over the summer, the team delivered another environmental-focused training course for Chagossians, with graduation in the Manchester Museum.

Communication and support

- We have promoted our fieldwork to the public through our owned and earned communication channels. Examples include our work on the Thames' seal population and our tiger conservation fieldwork.
- We use our 'Live!' talk programme to ensure that visitors are made aware of our conservation priorities and the impact of our fieldwork. Examples include our new 'Tigers Live!' talk, which explains some of our activities in Sumatra.
- New grants were received from the Arcus Foundation (Hainan gibbon workshop and Cameroon palm oil project); the Disney Worldwide Conservation Fund (Sumatran tigers); the Rufford Foundation (bushmeat work in Cameroon) and Fondation Segré (Bactrian camels in Mongolia and Amur tigers).

- Continuing grants were received from: the Arcus Foundation; the Charities Advisory Trust; the Dorothy Howard Charitable Trust; the Esmée Fairbairn Foundation; Fondation Segré; the Mohamed bin Zayed Species Conservation Fund and the Waterloo Foundation.
- Following Typhoon Haiyan and the earthquake in the Philippines, our Net-Works partner Interface reached out to its 3,500 staff in order to help communities and projects run by ZSL. An impressive \$22,500 was raised by employees, and Interface gave another \$15,000 on top of this.

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

Conservation programmes

ZSL continues to be a global leader in defining the status and trends of the world's species and ecosystems. Below are the main highlights of 2013:

- A report on the Rewilding Europe project was released that highlighted where populations of target species are increasing.
- A report on measuring natural capital from space was also completed, using Kenya's Tsavo ecosystem as a case study. This is likely to set the stage for the future of natural capital monitoring.
- The National Red List website was updated and more than 8,000 new species were added.
- International Union for Conservation of Nature (IUCN) Red List of Threatened Species status assessments were completed for pangolins, eels and okapi. A sampled selection of 1,500 dung beetles was also completed.
- Instant Wild Marine was tested in Chagos and in the UK, and development continues.
- Matakai, a tracking device developed for birds, was given out to seven projects in order to test it on a range of species.
- An ungulate survey in Uruq Bani Ma'arid, Saudi Arabia, was completed as part of the long-term monitoring programme.

EDGE (Evolutionarily Distinct and Globally Endangered)

Highlights of EDGE (the only global conservation initiative focused on conserving evolutionary history) in 2013 included:

- An EDGE tools and techniques training course and a leadership course were held in Kenya and the UK respectively.
- Funding was raised for an additional eight EDGE Fellows.
- An EDGE Zones paper was published, identifying worldwide sites that contain disproportionate numbers of EDGE species.
- Blueprints for survival were initiated for all EDGE species that are covered by EDGE Fellows.
- Conservation action plans were completed for the okapi and Bactrian camel.
- The EDGE Report Cards were completed – a framework to assess the state of conservation for the top 100 EDGE species.

Animal collections

Amphibians

- Our herpetology staff trained Chinese project partners in standardised field survey techniques to investigate giant salamanders in China's Guizhou province. The team leader also participated in intensive field surveys in the province.
- Team leaders helped the Indian Central Zoo Authority to deliver an amphibian conservation and husbandry workshop.
- Our herpetology team leader assisted an EDGE Fellow working in India's Western Ghats with the Kerala jumping frog. The target species was located and monitoring, genetic sampling and disease screening programmes were established.

Freshwater fish

After a survey revealed that ZSL held the last two male Mangarahara cichlids in captivity, a global appeal was launched to find a female. A huge response ultimately led Aquarium staff to a remote corner of Madagascar, where they found a small remnant population and moved 18 individuals into a secure private facility. Two pairs of fish are reported to have spawned.

Snail conservation

- *Partula* snails: Extensive preparations were made for the re-establishment phase of our *Partula* snail conservation project to commence in 2014. Zoo staff participated in fieldwork to identify and prepare reintroduction sites and establish a quarantine facility as part of the formal importation and release arrangements with the French Polynesian government.
- Bermudian snails: Following liaison with Bermuda's Department of Conservation Services, 200 snails were returned to the territory to establish an ex situ population at the Bermuda Aquarium, Museum and Zoo as a prelude to field releases.
- Vietnamese magnolia snails: In collaboration with Vietnamese conservation agencies, five of these recently rediscovered snails were transferred to ZSL to establish keeping and breeding protocols. Vietnamese conservation staff received training in snail care at ZSL, while collaborative fieldwork helped confirm the species range area, established an ex situ population at Hanoi's National Museum of Nature and advanced conservation planning for this and wider taxa groups.

Seahorses

An on-show seahorse breeding room and exhibit opened in spring 2013 and is proving popular. A total of 48 seahorses from two species feature in the main exhibit, along with 16 pipefish, 100 brittlestars, 65 cushion stars and a Devonshire cup coral. Additionally, there are four breeding/holding systems for native seahorses, allowing ZSL to rear young to adult size.

Corals and Chagos

A large tank of coral and fishes from the Chagos marine protected area has been unveiled in the Aquarium's Hall 2. Stocked with coral specimens previously kept behind the scenes, the exhibit also includes graphic panels and a video projection screen. New high-volume water pumps and a heat pump have been included in the life-support design, benefiting the animals and reducing power consumption.

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.
 - The IoZ has continued to produce strong climate change-related research, and in the field ZSL is leading one of the most scientifically robust REDD+ initiatives seeking to Reduce Emissions from Deforestation and forest Degradation and foster conservation and sustainable management. We also greatly reduced our own paper consumption in 2013.
 - We will assist in coordinating the conservation community to ensure that policymakers have access to the best possible information on species and ecosystems.
 - We have ensured that our production and printing operations are in line with our sustainability policies.
 - Our commercial team continues to challenge suppliers to improve the sustainability of our operations, including increasing sales of 'bags for life', reducing the number of carrier bags given away, and continuing work with suppliers to reduce packaging and change to FSC/recycled product tags with vegetable-based inks.

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

ZSL is committed to helping governments achieve the 2020 target of bringing 10% of the world's oceans under protection. Currently less than 2% is fully protected. Major initiatives in this area included:

 - Three new marine protected areas (MPAs) were established in the Philippines.
 - An expedition to the Pitcairn Islands was undertaken with the potential aim of creating one of the world's largest MPAs.
 - Two expeditions to the Chagos Archipelago were carried out to provide a science base for the MPA management plan.

ZSL continues to address crises in amphibians, coral reefs, apes, freshwater fish and large Asian mammals:

 - ZSL supports and sits on the board of the IUCN Amphibian Survival Alliance.
 - EDGE supported several amphibian initiatives, including the Darwin Initiative-funded Chinese giant salamander project.
 - ZSL is working with the forestry and oil palm sectors to improve best practice and promote transparency.
 - The Fish Net programme continues to be developed.
 - ZSL expanded its tiger initiative in five major tiger strongholds, with new projects in Nepal, Thailand and Bangladesh.
 - ZSL also continues its community outreach and monitoring efforts to secure greater one-horned rhino populations.
 - We held two high-profile symposia, one on technology and nature, and one on the extent to which the world's protected areas are helping to conserve biodiversity. The technology work was also presented at the Royal Society and to HRH The Prince of Wales and HRH The Duke of Cambridge. The protected area symposium findings will be released in a book at the IUCN World Parks Congress.

8. Priorities for development at ZSL London Zoo will be to complete the construction and then open the *Tiger Territory* exhibit – a new home for our Sumatran tigers (completed March 2013).
 - Ahead of the *Tiger Territory* opening, the tigers were transferred to London after a crate-training programme conducted by Mammals South, a significant achievement for the team. Tiger introductions commenced and proceeded well. The subsequent opening events on site also proved a success, with trained, cued tiger behaviours providing a great display, in particular for the Royal visit.
 - The *Tiger Territory* marketing campaign generated extensive press coverage and an estimated 110,000 additional visitors in 2013, as well as raising awareness of the plight of Sumatran tigers. It included the first TV advertising in more than 20 years for ZSL London Zoo.
 - We developed the exhibit's interpretative story and used all of our communication channels to promote it to the public.
 - The *Tiger Territory* retail space opened on time and on budget, delivering significant sales of merchandise.
 - The exhibit was a key component of the third series of ITV's *The Zoo*, anchoring an entire episode.
 - One tiger's journey to London was also a key focus for an episode of *National Geographic* on the Discovery Channel.
 - The launch event and associated media coverage was worth some £1.5m in equivalent advertising value.
 - Unfortunately, a Sumatran tiger cub born in September 2013 was found at the bottom of the enclosure pond at three weeks old. Post-mortem results confirmed the cub had drowned, with indications of the dam's attempts to retrieve it from the water. Following this death, the tigers were reintroduced and multiple matings were observed.

- ZSL received grants in support of *Tiger Territory* from a wide range of corporates, individuals and trusts, including the City Bridge Trust, the Hintze Family Charitable Foundation and the John S Cohen Foundation. This generosity saw the £3.7m fundraising target reached prior to the Royal opening in March.
- The challenge events team held a number of fundraising events, including a Streak for Tigers that raised over £80,000.
- LG Electronics provided in-kind screens that enable us to communicate our tiger story to Zoo visitors.

9. ZSL Whipsnade Zoo priorities include a focus on the central 'hub' area (indoor and outdoor play areas, and improving the farm and education spaces), animal welfare projects and completion of Zoo licence conditions.

Hullabazoo

- Hullabazoo Adventure Play successfully launched in May, with admission figures exceeding budget by 15,000.
- The Hullabazoo team have delivered a good first year of indoor play, and have taken on responsibility for the outdoor play area, too. The first-year results for retail and catering within Hullabazoo Indoor Play have exceeded the business plan.
- Consistent media listings coverage and incorporation of the Hullabazoo offer into news, social media output and member communications have ensured that its visibility remains high and increases the value of a day at ZSL Whipsnade Zoo.

Animal welfare projects

- The cold weather in early 2013 gave a good measure of the effectiveness of new airline systems for the otters, cheetahs and Lake Daedalus through a lengthy period of low temperatures, with a marked improvement in the animals' welfare.
- The bitterly cold weather sadly led to higher levels of vermin and predator activity, with a number of fox attacks in the penguin enclosure. Remedial works were undertaken, perimeter protection increased and the aesthetics of the area enhanced. The off-show cranery paddocks have now been netted over, which will not only ensure that they are predator-proof, but also allow for breeding full-winged cranes.
- As part of the management of the hog deer, new females were imported and an enclosure set up for breeding purposes.
- The extension to the giraffe house with associated improvements was fully operational by autumn half-term. Already the improved heating system is proving invaluable for the calf, with both areas of the giraffe stables noticeably warmer than in previous winters. Work started on a new hoof stock initiative with the preparation of the quarantine facilities in our bongo and Nile lechwe antelope stables to quarantine impala and nilgai. Some work was also carried out in the Grévy's zebra stables to provide better weather protection and increased heating. The Ley Meadow stables were upgraded with new fencing, a new substrate to the yard, new sliding doors, additional heaters, repairs and repainting.
- The old Flying Bird aviaries have been removed, and new aviaries made of metal-framed mesh panels have been erected in their place. This will provide a longer-lasting block of aviaries and offer suitable housing for a greater variety of species.

10. The events teams at both ZSL London Zoo and ZSL Whipsnade Zoo are being strengthened to enable more special events (such as Zoo Lates) to be run throughout the year, helping to spread visitor numbers more evenly.

- An expanded events calendar at both Zoos provides brand-building presence between our main marketing campaign pushes. These events serve the dual purpose of driving incremental visits and secondary spending opportunities, as well as appealing to new audiences.
- Zoo Lates 2013 received its highest-ever ticket sales and revenues.
- Our Little Creatures Family Festival achieved visitor numbers 32% ahead of plan.
- Zoo Nights was re-branded as Big Night Out, and achieved a significant increase in visitors and revenues.
- Elephantastic weekend 2013 achieved record-breaking donations for elephant conservation.
- At Christmas, 37% more 'Meet Santa' tickets were sold than in 2012.
- Sustained media coverage for events programmes at both Zoos have allowed us to increase our overall brand visibility in media, demonstrating that these events have a role to play in keeping interest high and consistent.
- The challenge events team recruited a new staff member in early 2013, allowing it to take on a number of new activities and reach new audiences through a range of events, from Roar With Laughter comedy nights to 10k runs.

11. Evaluation of the effectiveness of the Zoos' learning programmes will remain a priority. The implementation (and assessment) of a new and restructured education service will be designed, to keep increasing the numbers of schools converting to paying visitors from the previous Greater London Authority free visits scheme. We will also further develop the ZSL arts strategy.

School visits

- A research project was completed to understand the education buying process, product requirements, motivations to visit and barriers. This will help us develop a strategy for effective targeting of schools in order to grow educational visits.
- 2013 was the second full year of school visits at ZSL London Zoo without financial support from the GLA. Numbers

of visits have increased massively, from 84,958 in 2012 to 105,877 in 2013. At ZSL Whipsnade Zoo there were 39,842 school visits in 2013 (up from 33,631 in 2012).

- Education sessions continued to be free of charge in the off-peak season, and we delivered our first schools-focused Christmas programme.
- Under the leadership of the ZSL London Zoo learning manager, a stakeholder consultation process has been undertaken to help drive change in the education pages of the website. We received incredibly constructive input from teachers and learning professionals that will help us orientate the pages to ensure trip organisers can get the most out of our web resources, ultimately improving visitor experience.
- The D&L team have also been developing 'Guiding Principles' to underpin all that we do in our education work, maintain excellent quality in our programmes and maximise our unique selling points to educational audiences.

Practical learning programmes

- Full-time practical learning officers are in place at both sites with the remit to create, plan, deliver and evaluate our practical programmes.
- Six ZSL Zoo Academy courses were delivered during 2013 at each Zoo. A total of 144 young people aged 15-17 attended the eight-day courses of theoretical sessions and practical activities, and gained a portfolio and reference from ZSL.
- Based on interest from younger children in Zoo Academy, we devised a two-day programme called Junior Zoo Academy aimed at 8-to-10-year-olds. Successfully piloted at London in October, this will be delivered at both Zoos during 2014.
- Both sites have delivered bespoke practical courses for PRUs (young people from pupil referral units) and other hard-to-reach individuals. These courses focus on the SEAL (social and emotional aspects of learning) framework, which promotes progression in confidence, resilience, group work and empowerment. The evaluation of the courses has been extremely positive, with many similar programmes planned for 2014.
- The fundraising team worked with education and interpretation staff to develop a schools fundraising pack that delivered learning outcomes in a fun and informative way, while also communicating our campaign message.

Other events

- Five hundred and fifty students and 93 adults participating in the Department for Education-funded Teach First summer camp visited ZSL on 1 August and 15 August. Jay Ruparella of Teach First commented that he was impressed by the quality of activity and professionalism of our staff and looking forward to planning return trips next year.
- Education officers held family activities on Terrific Tigers and Marvellous Minibeasts in London's Activity Den in summer 2013. These were a fantastic success, with 11,923 visitors (5,690 adults and 6,233 children) participating.
- Special Children's Day 2013 was attended by more than 8,000 children with special needs and their families (an increase of 3,000 on the previous year), and raised around £70,000 in total through sales and donations.

Arts and culture

- A permanent arts and inclusion coordinator was appointed in July 2013, who will oversee ZSL's Arts & Culture Programme (including art courses, exhibitions and events) and Special Educational Needs-focused events.
- A number of Writers' Talks took place at ZSL London Zoo, in which a well-known author, a ZSL conservationist and a keeper delivered a joint talk at one of our animal enclosures. Assisted by ZSL Council member Ruth Padel, these were extremely successful at bringing in new audiences and communicating conservation via literature.
- Our bookable art classes ran from May 2013, with courses on architecture, sculpture, fine art, animation and writing.
- The Big Draw children's art event ran at both Zoos during October half-term.
- The ZSL Artists in Focus programme works with individual artists who are using our sites as inspiration and as a base for their work. Virginia Bradley, a professor of art at the University of Delaware, worked with the library and conservation programmes to produce pieces inspired by some of the EDGE species.

Evaluation

- Through proven results working with many of ZSL's directorates, an evaluation coordinator was appointed in July 2013 who worked on various projects, including: teaching at our global conservation meeting and EDGE Fellows training course; conducting social research in Panama; evaluating education sessions; assisting MSc students who wish to carry out research at ZSL; and building capacity in staff for visitor studies and evaluation. Evaluation volunteers have also been recruited to assist with data collection and analysis.
- Formative evaluation of *Tiger Territory* included testing the content and design of interpretation panels, interactive content and badge designs. Summative evaluation was to be carried out once the exhibit had opened, including tracking visitor behaviour and dwell times, as well as conducting visitor questionnaires on 'Live!' talks and fixed interpretation.
- At ZSL Whipsnade Zoo, the evaluation coordinator and volunteers conducted questionnaires with visitors who attended elephant, sea lion or bird displays in summer 2013, and consulted with various departments, in order to assess the current presentation in terms of learning outcome, language used and key messages delivered. This work will help us further develop the keeper talks for the 2014 peak season.

12. We will continue to improve the general provision of catering on the ZSL London Zoo site, through the opening of a renovated and expanded 700-seat-capacity Terrace Restaurant in July 2013.

- London saw the launch of our new £4.4m Terrace Restaurant and refurbishment of the Regent Building. These facilities launched on time, to budget and to specification – with fantastic feedback from visitors and supporters.
 - It was the first full year of outsourced day visitor catering operations, and the relationship with caterers Ampersand is working well. We also upgraded some of the facilities for our outsourced event and hospitality business, and have set challenging 2014 sales targets for these refreshed areas.
 - Media coverage was obtained to support the restaurant opening, with a hosted media breakfast allowing journalists and bloggers to sample the food and experience a day at the Zoo. The event featured in *The Times* and other national press.
13. We are well underway with our masterplan for London and Whipsnade – our vision for our sites for the next 20 years. Once completed and signed off by the ZSL Council, it will enable us to determine, along with the Development Strategy Board, our future fundraising priorities for capital and revenue projects.
- The ZSL London Zoo masterplan was further developed to produce a site-wide plan with four focused areas, including Africa, Asia, the Mappin Terraces and the new Barclay Court entrance area. Initial budgets were allocated to these areas and the plans were introduced to the Zoos Advisory Committee.
 - At ZSL Whipsnade Zoo, initial plans were compiled for the main entrance and hub area with further options to be developed. These plans were also discussed with the Zoos Advisory Committee.
14. We will improve the visitor experience through better customer care, and through further development and use of the new customer relationship database and Customer Contact Centre as a single point of contact for all customers and supporters of ZSL.
- Our Customer Contact Centre has been combined with our Membership Services to create one Supporter Services department, enabling greater flexibility and making a larger number of staff available to respond to customer needs.
 - The Supporter Services team was established to deliver our vision that all incoming calls to ZSL are handled in the most efficient way possible. Our aim is to treat every caller as a potential supporter. We take more than 120,000 phone calls each year, and aim to answer all calls within an average of 30 seconds. In 2013 we achieved this, answering all calls within 28 seconds (on average). We also answered more than 27,000 emails from our visitors and supporters. Each email was responded to within 48 hours, and should the query require additional assistance from other staff we ensure the customer is kept informed and send a response as soon as we have it (aiming to do this within 72 hours or less).
 - Quarterly waves of visitor research are conducted to track performance and feedback. We also conduct bespoke tactical research if necessary to investigate any particular areas of interest and continually improve key performance indicators.
 - Our successful customer relationship management strategy continued to flourish, with more than eight million emails sent to our growing supporter base, engaging them with the exciting work and opportunities that ZSL has to offer.
 - Engagement levels with our supporters have also continued to rise throughout the year, as a result of an increase in segmentation and the identification of new audience groups.
 - Regular feedback surveys are collected from Zoo and event visitors, and this information is used to improve our overall service levels across the business and visitor experience.
 - Positive visitor comments are passed back to relevant departments and any complaints we receive are taken extremely seriously. Our focus is always on how we can turn a negative experience into a positive one, and we believe this is achieved in almost every complaint we handle.
15. These achievements will only be possible with the continued hard work and dedication of staff and volunteers. To support this in 2013, we will continue to develop our staff and management training programmes and our volunteer communication systems.
- A new five-year strategy to develop our volunteer scheme was created in 2013 and will be rolled out across ZSL in 2014.
 - There are currently 573 volunteers across ZSL, working in 10 different roles. They donated more than 104,000 hours of service, which equates to almost £900,000 in equivalent salary terms.
 - Our special relationship with Barclays was again evident, with a large group of the bank's corporate volunteers joining ZSL's learning volunteers to support Special Children's Day.
 - We have run training and development for all levels of staff, ranging from management development to specific technical courses to develop skills and abilities. There has also been a focus on health and safety training during the year.

Plans and objectives for 2014 and future periods

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

2. We will continue our commitment to undertaking high-quality scientific research to help understand how the natural world works, and to provide a rigorous scientific underpinning for conservation policy and practice.
3. Our scientific priorities for the coming year continue to include wildlife health and disease and our core contributions to biodiversity indicators. Following the outcome of the Higher Education Funding Council for England (HEFCE) review of funding to the IoZ, a priority will be to continue strengthening our own science and conservation links, and the external links with our partner, UCL.
4. We will continue our commitment to field conservation initiatives, strengthening activities in more than 50 countries and 12 core conservation 'hubs' throughout Europe, Africa and Asia.
5. The Society will continue to focus on the ZSL Mission targets and will deliver on this by implementing seven major conservation initiatives: The State of the Planet; Conservation Technology; EDGE Species and Zones; Top Predators and Mega-Parks; Nature's Security Systems; Private Sector Best Practice and Transparency; and Conservation Leaders of the Future.
6. The Society will increase its efforts to address the growing threats of climate change, the illegal wildlife trade and disease through strong scientific research and conservation actions on the ground and by providing policymakers with robust science-based information.
7. We will assist in coordinating the conservation community to drive forward the global conservation agenda and provide policymakers with the best-quality information on species and ecosystems.
8. Priorities for development at ZSL London Zoo will be the new pygmy hippo exhibit to open in our *Into Africa* zone in April 2014, building on the successful 2013 opening of *Tiger Territory*. A major new project on Asian lions is also being developed to open in 2016.
9. ZSL Whipsnade Zoo priorities include a focus on the central 'hub' area (improving the farm and educational spaces) and further animal welfare-related projects and completion of zoo licence conditions.
10. The events teams at both ZSL London Zoo and ZSL Whipsnade Zoo are being strengthened to enable more special events (such as Zoo Lates) to be run throughout the year, helping to spread our visitor numbers more evenly.
11. Evaluating the effectiveness of the Zoos' learning programmes will remain a priority. The implementation (and assessment) of a new and restructured education service will keep increasing the numbers of schools converting into paying visitors from the previous GLA free visits scheme. We will also further develop the ZSL Arts Strategy, building on the successful 2013 Writers' Talks, and the ZSL Inclusion Strategy.
12. Now that we have masterplans for ZSL London Zoo and ZSL Whipsnade Zoo (our vision for our sites for the next 20 years), we will be able to finalise our future fundraising priorities with the Development Strategy Board for capital and revenue projects across ZSL.
13. We will improve the visitor experience through better customer care and further development and use of the new customer relationship database and Customer Contact Centre as a single point of contact for all customers and supporters of ZSL.
14. These achievements will only be possible with the continued hard work and dedication of staff and volunteers. To support this in 2014, we will continue to develop staff and management training programmes and will launch a new strategy for managing and communicating with volunteers.

Corporate status

ZSL is a charity incorporated under Royal Charter, registered in England and Wales with the Charity Commission (No. 208728). Certain of the commercial operations of the two Zoos, principally catering and shops, are carried out through its wholly owned subsidiary companies Zoo Operations Limited, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited.

Organisation

Council

The Society is governed by the Charter, the current version of which dates from 1995, and by Byelaws and Regulations. The Byelaws set out requirements concerning membership, the Officers (President, Secretary, and Treasurer), the election and proceedings of Council, and general and other meetings. The Council is the ruling body of the Society, meets five times each year, and is responsible for establishing and monitoring the policies of the Society. Council members ("the Trustees") are elected from and by the membership of the Society by postal ballot and serve for periods of four years. Invitations are circulated to all members to nominate Trustees, and members are advised of the retiring Trustees and specialist skills that the Council considers would be helpful to the Society. The election is by postal ballot of the complete Fellowship. New Trustees are invited to an induction/training meeting prior to taking up their role, where, in accordance with Charity Commission guidelines, they are briefed on their legal obligations under charity law and, where relevant, company law, the Charter and Byelaws of the Society, the committee and decision-making process, Directors' reports and the financial performance of the Society. Additional training, if required, can be provided internally or externally.

Committees

In addition to Council, the Society operates through a number of committees and boards, whose terms of reference and membership is shown below (* retired during 2013, + joined during 2013).

• Finance and General Purposes Committee

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

Membership – Paul Rutteman (Chair), Professor Sir Patrick Bateson, Richard Melville Ballerand, Michael Bird, Professor Geoff Boxshall, Dr Brian Bertram, John Edwards, Rupert Hambro, Ken Livingstone+*

• Animal Welfare Committee

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

Membership – Professor Anna Meredith (Chair), Dr Brian Bertram, Martin Cooke, Natasha Fleming, Dr Andrew Higgins, Dr Charlotte Nevison*, David Pritchard*, Dr Kirsten Pullen, Dr Maggie Redshaw+, Michael Waters+, Robert Wingate**

• Awards Committee

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

Membership – Professor Andrew Hildrew (Chair), Professor Jonathan Baillie, Professor Tim Blackburn, Professor Geoff Boxshall, Dr Paul Donald, Dr David Ferrier, Professor Sunetra Gupta, Professor Laurence Hurst, Dr Rebecca Kilner, Professor Neil Metcalfe*, Professor EJ Milner-Gulland, Professor Josephine Pemberton, Dr Rosie Trevelyan*

• Joint University College London/Zoological Society of London Committee

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

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

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

• Zoos Advisory Committee

Terms of Reference – To provide specialist advice on the objectives of the Zoos and on specific aspects of their management; to review the annual business and financial plans for the Zoos and to recommend them to Council; to review any material variances to the plans and, where necessary, recommend to Council remedial actions; to review and recommend to Council any capital developments.

Membership – Dr Brian Bertram (Chair), James Breheny (corresponding member), Mark Challis, Dr Andrew Kitchener, Dr Kristin Leus, Darren Martin, The Hon Sir William McAlpine Bt, Mark Ridgway, Martin Rowson, Sean Rovai, Andy Simpson, Ken Sims*

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 2013 to the date of this report, unless otherwise indicated.

President Professor Sir Patrick Bateson FRS

Secretary Professor Geoff Boxshall FRS

Treasurer Paul Rutteman CBE

Council members

Michael Bird (Vice President+)

Professor Anna Meredith (Vice President+)

Richard Melville Ballerand*

Ray Heaton (Vice President*)

Elizabeth Passey* (Vice President)
Sheila Anderson
Dr Brian Bertram
Martin Cooke+
John Edwards
Ken Livingstone+
Dr Maggie Redshaw+
Dr Ruth Padel
Mark Ridgway*
Sean Rovai
Robert Wingate

(* to 18 June 2013, + from 18 June 2013)

Registered Charity in England and Wales No. 208728

Directors

Director General	Ralph Armond
Finance Director	Mike Russell
Human Resources Director	Ian Meyrick (to 31 January 2014) Fiona Evans (from 1 February 2014)
Zoological Director	David Field
Conservation Programmes Director	Professor Jonathan Baillie
Director of the IoZ	Professor Tim Blackburn
Commercial and Communications Director	Rich Storton
Development Director	James Wren

Financial results

In 2013, ZSL recorded consolidated net incoming resources from its operations of £6.3m (2012: £2.8m) and, after investment gains of £0.5m (2012: £0.2m) and an actuarial gain on a pension scheme of £1.2m (2012: £0.3m), a net movement in funds of £8m.

Total incoming resources increased by £7.5m in the year to £52.1m, with animal collections income up £6.6m – benefiting from higher visitor numbers to our Zoos compared to 2012, which suffered from poor spring and early summer weather and the impact of the Olympics in London. Voluntary income increased by £1.4m, benefiting from a £0.9m legacy, science and research income increased by £0.3m and conservation programmes decreased by £0.3m. ZSL remains dependent on its two Zoos for the bulk of its incoming resources. In 2013, ZSL London Zoo visitor numbers reached 1,234,417, an increase of 259,984 (27%) on 2012. ZSL Whipsnade Zoo visitor numbers for the year were 547,868, an increase of 71,642 (15%) on 2012. The total number of visitors to the two Zoos in 2013 was 1,782,285 (2012: 1,450,659). Incoming resources included Gift Aid recoveries on day entry to our Zoos, which amounted to £2m (2012: £1.6m), while on all sources of income Gift Aid amounted to £2.8m (2012: £2.2m).

Total resources expended increased by £4m in the year to £45.8m, and included increases of £4.2m on animal collections, £0.4m on science and research and £0.4m on conservation programmes, while trading subsidiary costs were reduced by £1.1m due mainly to the outsourcing of some activities. The total capital spend of £8.8m (2012: £7.3m) included completion of *Tiger Territory*, our new animal exhibit for 2013, and the major refit and extension of our main catering facilities, both located at ZSL London Zoo. We continue to invest in our infrastructure to improve visitors' experiences, and enhance our animal collection facilities and scientific research facilities, and to ensure ZSL's compliance with disability discrimination legislation and its sustainability profile.

The June 2011 triennial actuarial valuation of the ZS 1988 defined benefit pension scheme showed that it remains fully funded. This was confirmed on the basis of the Accounting Standards Board's Financial Reporting Standard 17, where it has a £2m surplus at the end of 2013 (2012: £0.5m). Funding levels continue to be monitored by ZSL and the pension fund trustees on a regular basis. While this scheme is now closed to employees joining after 30 June 2011, a stakeholder defined contribution scheme is available for those employees.

Our main trading subsidiaries, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited, produced improved results compared to 2012, benefiting from higher visitor volume. While outsourcing of some catering activities contributed to a reduction in turnover compared to 2012 (down £0.6m to £8.8m), the net profit increased by £0.5m to £2.5m.

Donated facilities

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

Animals

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

Heritage assets

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

Funds

ZSL's funds as at 31 December 2013 amounted to £61.8m (2012: £53.8m), and are represented by buildings and other tangible fixed assets of £44m (2012: £38.8m), and cash, short-term deposits, investments, stocks, debtors and a £2m (2012: £0.5m) defined pension scheme asset, less creditors.

Reserves policy

ZSL's policy concerning the level of cash and investments is to have funds available to: meet liabilities as they fall due; meet emergencies; augment the capital expenditure programme from time to time as appropriate; and build up investments over a period with the aim of providing an additional income stream to cover non-commercial activities. The policy is reviewed annually in connection with the setting of revenue and capital budgets.

The Trustees have considered the level of free reserves (that is, those funds not tied up in tangible fixed assets and other designated funds, pension scheme assets and restricted funds, which amounted to £7.5m at 31 December 2013 (2012: £7.7m)). The level of these free reserves is considered to be sufficient to support the current operations and continued activity in the redevelopment of the Zoos, as well as providing adequate funds to meet emergencies. The Trustees' free reserves target, at a minimum, is to cover the costs of running the Zoos during an emergency closure to the public, for a period of up to three months. This would require minimum free reserves of around £3.5m. The current higher level of reserves is held for investment in future capital programmes.

Investment policies

ZSL holds most of its available funds in bank and short-term deposits, which at 31 December 2013 totalled £14.4m (2012: £11.9m). In addition, ZSL holds listed investments of £4.5m (2012: £3.9m), the majority in the Newton Investment Management 'Socially Responsible Investment (SRI) Fund for Charities'. This SRI Fund for Charities contains a mixture of funds with the intention of providing a balance of income from dividends and capital appreciation.

The Scientific and Reserve Fund portfolios have a common approach to the management of both portfolios and to the adoption of a common benchmark for the two. In 2013, the Scientific Fund and the Reserve Fund each returned a 16.82% surplus and 16.87% surplus respectively, against their (blended) benchmark returns of 14.99%. The benchmark for both funds is a composite comprising 20% FTSE Government All Stocks Index, 50% FTSE All Share Index, 25% FTSE World (ex UK) and 5% 7 Day London InterBank Bid rate (LIBID). The net investment gain amounted to £0.5m in 2013 (2012: £0.2m).

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

Risk management

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

The financial statements and Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice). The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Charity and group, and of the incoming resources and application of resources of the Charity and group for that period.

In preparing these financial statements, the Trustees are required to: select suitable accounting policies and then apply them consistently; observe the methods and principles in the Charities Statement of Recommended Practice (SORP); make judgments and estimates that are reasonable and prudent; state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and group, and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the Charity and group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees are also responsible for the maintenance and integrity of the Charity and group, and for financial information included on the Charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Baker Tilly UK Audit LLP was reappointed for 2013. A resolution to reappoint Baker Tilly UK Audit LLP, chartered accountants, as auditor will be put to the members at the Annual General Meeting.

Reference and administrative information

Principal address:	Regent's Park London NW1 4RY	Principal bankers:	Barclays Bank PLC 1 Churchill Place London EC14 5HP
Also at:	Whipsnade Wild Animal Park Dunstable Bedfordshire LU6 2LF	Statutory auditor:	Baker Tilly UK Audit LLP 25 Farringdon Street London EC4A 4AB
Registered office:	Regent's Park London NW1 4RY	Investment advisors:	Newton Investment Management Limited 160 Queen Victoria Street London EC4V 4LA
Lawyers:	Hempsons Solicitors 40 Villiers Street London WC2N 6NJ	Internal audit:	Oakwell BDI 3 Barn Meadow Lane Great Bookham Surrey KT23 3HJ

Approved by Council on 15 April 2014

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 2013 on pages 19 to 42. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustees and auditor

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 these give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

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 2013 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

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

Baker Tilly UK audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
25 Farringdon Street
London
EC4A 4AB
29 April 2014

3. Consolidated Statement of Financial Activities

For the year ended 31 December 2013

	Notes	Unrestricted		Restricted		2013	2012
		General £000	Designated £000	Endowment £000	Other £000	Total £000	Total £000
Incoming resources							
Incoming resources from generated funds:							
Voluntary income	3	3,042	–	–	1,476	4,518	3,072
Activities for generating funds:							
Subsidiaries' turnover	4	8,769	–	–	–	8,769	9,329
Interest and investment income	5	251	–	1	55	307	344
Incoming resources from charitable activities:							
Animal collections		30,996	–	–	10	31,006	24,417
Science and research		930	–	–	4,727	5,657	5,350
Conservation programmes		24	–	–	1,796	1,820	2,118
Total incoming resources		44,012	–	1	8,064	52,077	44,630
Resources expended							
Cost of generating funds:							
Costs of generating voluntary income		855	–	–	–	855	795
Fundraising trading:							
Subsidiaries' cost of goods sold and other costs	4	6,263	–	–	–	6,263	7,328
Charitable activities:							
Animal collections		27,860	34	–	73	27,967	23,734
Science and research		1,579	2	–	4,407	5,988	5,623
Conservation programmes		1,880	–	–	2,592	4,472	4,113
Governance costs		199	–	–	–	199	199
Total resources expended	6a	38,636	36	–	7,072	45,744	41,792
Net incoming/(outgoing) resources before transfers							
Transfers between funds	15	(5,436)	5,579	–	(143)	–	–
Net incoming/(outgoing) resources before other recognised gains							
Other recognised gains:		(60)	5,543	1	849	6,333	2,838
Gain on investments	10	132	–	110	250	492	223
Actuarial gain on pension scheme	16	1,200	–	–	–	1,200	300
Net movement in funds		1,272	5,543	111	1,099	8,025	3,361
Reconciliation of funds:							
Total funds balance brought forward		8,234	39,182	694	5,666	53,776	50,415
Total funds balance carried forward		9,506	44,725	805	6,765	61,801	53,776

The above results are all for continuing operations. No statement of total recognised gains and losses has been prepared as all such gains and losses have been included above. The notes on pages 22 to 42 form part of these financial statements.

4. Consolidated and Charity Balance Sheets

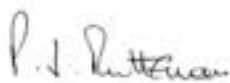
For the year ended 31 December 2013

	Notes	Group		Charity	
		2013 £000	2012 £000	2013 £000	2012 £000
Fixed assets					
Tangible assets	9	44,003	38,790	44,003	38,790
Investments	10	4,546	3,930	6,207	5,591
		<u>48,549</u>	<u>42,720</u>	<u>50,210</u>	<u>44,381</u>
Current assets					
Stocks	11	591	689	55	136
Debtors	12	4,694	4,084	7,021	5,492
Short-term deposits		5,214	4,005	5,214	4,005
Cash at bank and in hand		9,197	7,933	6,911	6,607
		<u>19,696</u>	<u>16,711</u>	<u>19,201</u>	<u>16,240</u>
Creditors: amounts falling due within one year	13	(7,014)	(6,155)	(8,180)	(7,345)
		<u>12,682</u>	<u>10,556</u>	<u>11,021</u>	<u>8,895</u>
Net current assets					
Creditors: amounts falling due after more than one year	14	(1,430)	–	(1,430)	–
		<u>59,801</u>	<u>53,276</u>	<u>59,801</u>	<u>53,276</u>
Net assets excluding pension scheme asset					
Defined benefit pension scheme asset	16	2,000	500	2,000	500
		<u>61,801</u>	<u>53,776</u>	<u>61,801</u>	<u>53,776</u>
Net assets					
Funds					
Unrestricted – General		7,506	7,734	7,506	7,734
– Designated		44,725	39,182	44,725	39,182
		<u>52,231</u>	<u>46,916</u>	<u>52,231</u>	<u>46,916</u>
Unrestricted funds excluding pension asset					
Unrestricted – Pension reserve		2,000	500	2,000	500
		<u>54,231</u>	<u>47,416</u>	<u>54,231</u>	<u>47,416</u>
Total unrestricted funds					
Restricted – Endowments		805	694	805	694
– Other		6,765	5,666	6,765	5,666
		<u>61,801</u>	<u>53,776</u>	<u>61,801</u>	<u>53,776</u>
Total funds	15				

Approved and authorised for issue by Council on 15 April 2014 and signed on their behalf by:



Professor Sir Patrick Bateson, President



Paul Rutteman, FCA, Treasurer

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

5. Consolidated Cash Flow Statement

For the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Net cash inflow from operating activities	19a	9,316	4,758
Returns on investments and servicing of finance			
Interest received on bank and cash balances		148	223
Investment income		109	110
Interest on bank loan		(35)	–
		<u>222</u>	<u>333</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(8,848)	(6,768)
Purchase of fixed asset investments		(192)	(90)
Sale of tangible fixed assets		37	13
Sale of fixed asset investments		68	70
		<u>(8,935)</u>	<u>(6,775)</u>
Net cash inflow/(outflow) before use of liquid resources and financing		603	(1,684)
Management of liquid resources and financing			
(Increase)/decrease in cash on short-term deposit		(1,209)	1,995
Financing			
Bank loan		2,200	–
Bank loan repayments		(330)	–
		<u>1,870</u>	<u>–</u>
Increase in cash		<u>1,264</u>	<u>311</u>
Reconciliation of net cash flow to movement in net cash resources			
		2013 £000	2012 £000
Increase in cash at bank and in hand		1,264	311
Increase/(decrease) in cash on short-term deposit		1,209	(1,995)
Bank loan		(2,200)	–
Bank loan repayments		330	–
		<u>603</u>	<u>(1,684)</u>
Change in net cash resources resulting from cash flows		603	(1,684)
Net cash resources at 1 January		11,938	13,622
		<u>12,541</u>	<u>11,938</u>
Net cash resources at 31 December	19b	<u>12,541</u>	<u>11,938</u>

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

6. Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting policies

Accounting convention and basis of preparation

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

Consolidation

The financial statements consolidate on a line-by-line basis the results and the assets and liabilities of the Society and its wholly owned subsidiaries – Zoo Operations Limited, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. The Consolidated Statement of Financial Activities represents the results of both the charitable and non-charitable activities of the Society. A separate Statement of Financial Activities for the Charity alone is not produced as permitted by paragraph 397 of the SORP. The results for the activities carried out by the Society's subsidiaries are set out in note 4 in respect of catering and merchandising and in note 10 in respect of other activities.

Funds

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

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

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

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

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

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

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

Tiger SOS fund – this fund was fully utilised in 2013 and until then represented resources set aside to meet the capital cost of *Tiger Territory*, which was completed and opened in March 2013 at ZSL London Zoo.

- (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'.

Tiger SOS fund – this fund was fully utilised in 2013 and was derived from grants and donations for the use of tiger conservation and, in particular, the Sumatran tiger.

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

Notes to the Financial Statements

1. Accounting policies (continued)

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

Big Lottery Fund Grant – this fund was fully utilised in 2013 and was funded by the Big Lottery Fund International Communities Programme 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, which are primarily to fund animal collection, science and research and conservation programme activities and capital expenditure relating thereto.

Fund transfers

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

Incoming resources

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

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

Income from grants is recognised when entitlement is assured, there is certainty of receipt, and when the amount can be reliably measured.

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

The estimated value of volunteer time is not recognised in the Consolidated Statement of Financial Activities, but is disclosed in the Trustees' Report where relevant.

Resources expended

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

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

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

VAT

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

Fixed assets and depreciation

Fixed assets acquired by purchase or gift are shown at cost or valuation and are depreciated (with the exception of freehold land and assets under construction, which are not depreciated) on a straight-line basis at rates appropriate to write off the cost over their expected useful lives. Freehold buildings are depreciated over five to 50 years; leasehold buildings from three years to the shorter of the lease term, and 50 years; plant and equipment five to 15 years; and motor vehicles five years. Assets under construction consist of expenditure incurred in respect of tangible assets in the course of their construction and installation and that are directly attributable to bringing the asset into operation. Transfers are made to the relevant fixed assets category as and when the assets are available for use. The carrying values of tangible fixed assets are reviewed

Notes to the Financial Statements

1. Accounting policies (continued)

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

Foreign currencies

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

Investments

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

Stocks

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

Animals

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

Heritage assets

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

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

During the year ended 31 December 2013, there were no acquisitions or disposals of heritage assets (2012: none).

Donated facilities

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

Advertising costs

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

Liquid resources

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

Pension costs

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

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

Notes to the Financial Statements

1. Accounting policies (continued)

service costs are recognised in the Consolidated Statement of Financial Activities on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss, which is recognised in the Consolidated Statement of Financial Activities.

Losses are measured at the date that the Society becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irreversibly committed to the transaction.

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

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

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

The Society participates in the Universities Superannuation Scheme (USS), a defined benefit scheme, which is contracted out of the State Second Pension (S2P). The assets of the USS scheme are held in a separate fund administered by its trustee, Universities Superannuation Scheme Limited. Because of the mutual nature of the USS scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The Society is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Consolidated Statement of Financial Activities represents the contributions payable to the USS in respect of the accounting period.

Defined contribution scheme

Contributions to defined contribution schemes are recognised in the Consolidated Statement of Financial Activities in the period in which they become payable. Any unpaid (or prepaid) contributions are separately disclosed within note 16.

Leasing commitments

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

Notes to the Financial Statements

2. Incoming resources from charitable activities

Animal collections incoming resources include those derived from providing: access to ZSL London Zoo and ZSL Whipsnade Zoo to view the collections and to learn about animals and conservation; animal adoption services; animal-keeping experiences; and animal and conservation educational services inside and outside (outreach programmes) the Zoos. Incoming resources from charitable activities include grants of £6,182,000 (2012: £6,143,000), which comprise:

	2013 £000	2012 £000
Higher Education Funding Council for England (HEFCE)	2,222	2,219
Defra (Darwin Initiative)	1,233	1,090
Big Lottery Fund Grant	–	51
Other grants	2,727	2,783
	<u>6,182</u>	<u>6,143</u>

3. Voluntary income

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

4. Income from subsidiaries' trading activities

The Society wholly owns Zoo Operations Limited, which is the investment holding company for its wholly owned companies, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. Merchandising and catering are undertaken by these subsidiary companies. The consolidated results of Zoo Operations Limited comprise those of Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. Taxable net profits are donated to the Society annually.

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

	2013			2012		
	ZEL £000	WWAPL £000	Total £000	ZEL £000	WWAPL £000	Total £000
Turnover:						
Catering	1,243	1,875	3,118	3,249	1,689	4,938
Merchandising	4,153	1,498	5,651	3,165	1,226	4,391
	<u>5,396</u>	<u>3,373</u>	<u>8,769</u>	<u>6,414</u>	<u>2,915</u>	<u>9,329</u>
Cost of activities	(2,741)	(2,549)	(5,290)	(4,049)	(2,229)	(6,278)
	<u>2,655</u>	<u>824</u>	<u>3,479</u>	<u>2,365</u>	<u>686</u>	<u>3,051</u>
Catering and merchandising (net)	2,655	824	3,479	2,365	686	3,051
Support and overhead costs	(521)	(452)	(973)	(643)	(407)	(1,050)
Interest receivable	11	–	11	7	–	7
Group interest receivable/(payable)	(5)	5	–	(5)	5	–
	<u>2,140</u>	<u>377</u>	<u>2,517</u>	<u>1,724</u>	<u>284</u>	<u>2,008</u>
Net profit for the year before donation	2,140	377	2,517	1,724	284	2,008
Gift Aid donation to the Society	(2,140)	(377)	(2,517)	(1,724)	(284)	(2,008)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Retained in subsidiary companies	–	–	–	–	–	–

Catering and merchandising turnover at ZSL London Zoo is generated by Zoo Enterprises Limited and at ZSL Whipsnade Zoo by Whipsnade Wild Animal Park Limited. Catering and merchandising turnover of £8,769,000 (2012: £9,329,000) is included in the Consolidated Statement of Financial Activities within subsidiaries' trading turnover. Cost of activities, support and overhead costs of £6,263,000 (2012: £7,328,000) are included within fundraising trading while interest receivable of £11,000 (2012: £7,000) is included within interest and investment income.

Notes to the Financial Statements

5. Interest and investment income

	2013 £000	2012 £000
Interest on bank and cash balances	101	219
Investment income:		
Other (UK)	106	125
Pension finance income	100	–
	<u>307</u>	<u>344</u>

6a. Group analysis of total resources expended

	<i>Direct staff costs*</i> £000	<i>Direct costs</i> £000	<i>Other support costs*</i> £000	<i>Total</i> 2013 £000	<i>Total</i> 2012 £000
Charitable activities:					
Animal collections	11,744	13,019	3,204	27,967	23,734
Science and research	2,493	2,540	955	5,988	5,623
Conservation programmes	1,624	2,207	641	4,472	4,113
	<u>15,861</u>	<u>17,766</u>	<u>4,800</u>	<u>38,427</u>	<u>33,470</u>
Costs of generating funds:					
Costs of generating voluntary income	457	236	162	855	795
Subsidiaries' costs of goods sold and other costs	2,081	3,635	547	6,263	7,328
Governance costs	–	181	18	199	199
Total resources expended for Group in 2013	<u>18,399</u>	<u>21,818</u>	<u>5,527</u>	<u>45,744</u>	
Total resources expended for Group in 2012	<u>17,552</u>	<u>19,771</u>	<u>4,469</u>		<u>41,792</u>

*Staff costs of £20,975,000 are set out at note 8 and comprise staff costs of £2,576,000 (within 'Other support costs' of £5,527,000) and 'Direct staff costs' of £18,399,000.

6b. Analysis of support costs

	2013 £000	2012 £000
Staff costs	2,576	2,273
Other costs	2,951	2,196
	<u>5,527</u>	<u>4,469</u>

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

Finance: on volume of transactions processed in year.

Human Resources/Reception and Switchboard: on head count.

Information Technology: on the number of PCs and electronic tills.

Press Office: on time apportionment.

Central Management services: on total expenditure by activity.

Notes to the Financial Statements

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

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

	2013 £000	2012 £000
Auditors' remuneration:		
Audit services – charged by Baker Tilly UK Audit LLP	90	79
Non-audit services – charged by Baker Tilly Tax and Accounting Limited and Baker Tilly Tax and Advisory Services Limited	34	34
Depreciation of fixed assets	3,470	3,064
Loss on disposal of tangible fixed assets	128	80
Operating lease rentals in respect of plant, equipment and motor vehicles	457	443
Trustees' expenses	5	5
	<u> </u>	<u> </u>

Trustees' expenses consist mainly of the reimbursement of travel expenses. In the current year these Trustees' expenses relate to six (2012: nine) Trustees who served as Council members during the year. None of the Trustees, nor any persons connected to the Trustees, received remuneration for their services. The Society pays the insurance premiums on behalf of the Trustees in respect of professional indemnity insurance. The premium paid is incorporated with the general professional liability premiums and so is not separately disclosable.

There are no other reportable transactions with related parties. The auditors' remuneration for non-audit services is in respect of fees in connection with general tax advice and agreed upon procedures on specific grants.

8. Staff costs

	2013 £000	2012 £000
Salaries and wages	17,651	16,965
Social security costs	1,672	1,591
Pension cost	1,652	1,269
	<u> </u>	<u> </u>
	20,975	19,825
	<u> </u>	<u> </u>

The pension costs in 2012 benefit from a curtailment gain of £300,000, following the transfer of some members out of the scheme.

In addition, the cost of temporary staff in the year was £171,000 (2012: £248,000).

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

	2013 No.	2012 No.
Animal collections	393	359
Science and research	60	59
Conservation programmes	49	50
Cost of generating funds – voluntary income	10	10
Cost of generating funds – voluntary trading	99	105
Support costs	62	64
	<u> </u>	<u> </u>
	673	647
	<u> </u>	<u> </u>

Notes to the Financial Statements

8. Staff costs (continued)

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

Band	2013 No.	2012 No.
£60,001 – £70,000	2	4
£70,001 – £80,000	4	2
£80,001 – £90,000	3	4
£90,001 – £100,000	1	–
£150,001 – £160,000	1	1

In respect of higher-paid employees, amounts of £43,509 (2012: £42,927) were made to defined contribution pension schemes and retirement benefits for higher-paid employees are accruing under:

- defined benefit schemes only for five (2012: five) individuals;
- defined contribution schemes only for two (2012: two) individuals;
- defined benefit schemes and defined contribution schemes for four (2012: four) individuals.

9. Tangible fixed assets

<i>Group and Charity</i>	<i>Freehold land and buildings £000</i>	<i>Buildings on leased land £000</i>	<i>Assets under construction £000</i>	<i>Plant and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:						
At 31 December 2012	19,640	44,290	3,668	7,082	886	75,566
Additions during the year	923	6,505	838	492	90	8,848
Transfer of assets under construction	–	3,668	(3,668)	–	–	–
Disposals and impairments	(229)	(661)	–	(436)	(171)	(1,497)
At 31 December 2013	20,334	53,802	838	7,138	805	82,917
Depreciation:						
At 31 December 2012	10,470	19,808	–	5,795	703	36,776
Provided during the year	984	1,974	–	415	97	3,470
Disposals and impairments	(153)	(618)	–	(429)	(132)	(1,332)
At 31 December 2013	11,301	21,164	–	5,781	668	38,914
Net book value:						
At 31 December 2013	9,033	32,638	838	1,357	137	44,003
At 31 December 2012	9,170	24,482	3,668	1,287	183	38,790

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

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

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

Notes to the Financial Statements

10. Investments

<i>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>2012</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Listed investments at market value:						
Fixed interest (UK)	2	–	–	–	–	2
Other (UK)	3,928	192	(68)	3	489	4,544
	<u>3,930</u>	<u>192</u>	<u>(68)</u>	<u>3</u>	<u>489</u>	<u>4,546</u>
<i>Charity</i>						
Unlisted investments at net asset value:						
Investment in Zoo Operations Limited	1,661	–	–	–	–	1,661
	<u>5,591</u>	<u>192</u>	<u>(68)</u>	<u>3</u>	<u>489</u>	<u>6,207</u>
	<u><u>3,401</u></u>					<u><u>3,528</u></u>

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

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

The value of investments at 31 December 2013 of £6,207,000 included the following:

	<i>£000</i>
Newton SRI Fund for Charities	3,747
M&G Charifund	690
Zoo Operations Limited	1,661

The financial position of the individual subsidiaries was as follows:

	<i>Assets</i>	<i>Liabilities</i>	<i>Funds</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Funds</i>
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2012</i>	<i>2012</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Zoo Operations Limited	1,661	–	1,661	1,661	–	1,661
Zoo Enterprises Limited	2,832	(2,730)	102	2,276	(2,174)	102
Whipsnade Wild Animal Park Limited	967	(610)	357	932	(575)	357
	<u>5,460</u>	<u>(3,340)</u>	<u>2,120</u>	<u>4,869</u>	<u>(2,749)</u>	<u>2,120</u>
	<u><u>5,460</u></u>	<u><u>(3,340)</u></u>	<u><u>2,120</u></u>	<u><u>4,869</u></u>	<u><u>(2,749)</u></u>	<u><u>2,120</u></u>

Notes to the Financial Statements

11. Stocks

	<i>Group</i>		<i>Charity</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials	54	135	54	135
Finished goods and goods for resale	537	554	1	1
	<u>591</u>	<u>689</u>	<u>55</u>	<u>136</u>
	<u><u>591</u></u>	<u><u>689</u></u>	<u><u>55</u></u>	<u><u>136</u></u>

12. Debtors

	<i>Group</i>		<i>Charity</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	975	1,336	712	805
Amounts owed by group companies	–	–	2,635	2,008
Taxation and social security	–	–	106	92
Other debtors	249	169	249	169
Accrued interest and investment income	46	96	46	96
Prepayments and accrued income	3,424	2,483	3,273	2,322
	<u>4,694</u>	<u>4,084</u>	<u>7,021</u>	<u>5,492</u>
	<u><u>4,694</u></u>	<u><u>4,084</u></u>	<u><u>7,021</u></u>	<u><u>5,492</u></u>

13. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Charity</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	1,704	1,930	1,593	1,730
Amounts owed to group companies	–	–	1,520	1,656
Taxation and social security	674	501	571	414
Accruals and deferred income	3,862	3,309	3,722	3,165
Bank loan (see note 14)	440	–	440	–
Other creditors	334	415	334	380
	<u>7,014</u>	<u>6,155</u>	<u>8,180</u>	<u>7,345</u>
	<u><u>7,014</u></u>	<u><u>6,155</u></u>	<u><u>8,180</u></u>	<u><u>7,345</u></u>

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

	<i>Group</i>		<i>Charity</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Deferred income at 1 January	2,520	2,535	2,408	2,506
Amounts released from previous years	(2,520)	(2,535)	(2,408)	(2,506)
Incoming resources deferred	2,896	2,520	2,812	2,408
	<u>2,896</u>	<u>2,520</u>	<u>2,812</u>	<u>2,408</u>
Deferred income at 31 December	<u>2,896</u>	<u>2,520</u>	<u>2,812</u>	<u>2,408</u>

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

Notes to the Financial Statements

14. Creditors: amounts falling after more than one year

	<i>Group</i>		<i>Charity</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loan	1,430	–	1,430	–
	=====	=====	=====	=====

A £2,200,000 bank loan was secured in the year and is repayable by £110,000 equal quarterly instalments. The loan is secured by an amount, at least equivalent to the amount outstanding on the loan, deposited into a bank account with the lender. At 31 December 2013 the amount outstanding on the loan was £1,870,000 and is fully covered by amounts deposited, which are included in the balance sheet under short-term investments, into a bank account with the lender.

15. Funds

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

(a) Movement of funds for the year – Group

	<i>Balance at</i>	<i>Incoming</i>	<i>Resources</i>	<i>Transfers</i>	<i>Other gains</i>	<i>Balance at</i>
	<i>31 Dec 2012</i>	<i>resources</i>	<i>expended</i>		<i>& (losses)</i>	<i>31 Dec 2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Unrestricted funds</i>						
General fund*	8,234	44,012	(38,636)	(5,436)	1,332	9,506
	-----	-----	-----	-----	-----	-----
<i>Designated funds:</i>						
Students' awards fund	13	–	(2)	–	–	11
Tiger SOS	379	–	(34)	(272)	–	73
Giraffe conservation fund	–	–	–	70	–	70
Lion conservation fund	–	–	–	68	–	68
Conservation, science and education mission fund	–	–	–	500	–	500
Tangible fixed asset fund	38,790	–	–	5,213	–	44,003
	-----	-----	-----	-----	-----	-----
	39,182	–	(36)	5,579	–	44,725
	-----	-----	-----	-----	-----	-----
<i>Restricted funds</i>						
<i>Endowment funds:</i>						
De Arroyave fund	618	–	–	–	110	728
Fantham bequest	72	1	–	–	–	73
Davis fund	4	–	–	–	–	4
	-----	-----	-----	-----	-----	-----
	694	1	–	–	110	805
	-----	-----	-----	-----	-----	-----
<i>Other funds:</i>						
Scientific fund	1,926	55	–	(80)	250	2,151
Tiger SOS	10	–	(10)	–	–	–
Library support fund	100	–	–	–	–	100
HEFCE fund	36	2,222	(2,381)	–	–	(123)
Big Lottery Fund Grant	42	–	(42)	–	–	–
Other	3,552	5,787	(4,639)	(63)	–	4,637
	-----	-----	-----	-----	-----	-----
	5,666	8,064	(7,072)	(143)	250	6,765
	-----	-----	-----	-----	-----	-----
Total funds	53,776	52,077	(45,744)	–	1,692	61,801
	=====	=====	=====	=====	=====	=====

*Incorporating the unrestricted pension asset at 31 December 2013, being £2,000,000 (2012: £500,000).

Notes to the Financial Statements

15. Funds (continued)

Fund transfers of £272,000 have been made from the designated Tiger SOS fund to the unrestricted general fund to help meet the capital cost of the new tiger exhibit, *Tiger Territory*. Fund transfers of £5,851,000 have been made from the general fund to the designated funds, and include £500,000 to the conservation, science and education fund and £5,213,000 to the tangible fixed asset fund, which was set up to separately identify the resources that have been used to acquire tangible fixed assets. The value of this tangible fixed asset 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 £143,000 were made from restricted funds to unrestricted funds in accordance with restrictions upon which the Society may use such restricted funds. The HEFCE closing balance at 31 December 2013 represents expenditure incurred in advance of grant income for the period 1 August 2013 to 31 December 2013.

(b) Movement of funds for the year – Charity

	<i>Balance at 31 Dec 2012 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers £000</i>	<i>Other gains & (losses) £000</i>	<i>Balance at 31 Dec 2013 £000</i>
<i>Unrestricted funds</i>						
General fund*	8,234	37,749	(32,373)	(5,436)	1,332	9,506
<i>Designated funds:</i>						
Students' awards fund	13	–	(2)	–	–	11
Tiger SOS	379	–	(34)	(272)	–	73
Giraffe conservation fund	–	–	–	70	–	70
Lion conservation fund	–	–	–	68	–	68
Conservation, science and education mission fund	–	–	–	500	–	500
Tangible fixed asset fund	38,790	–	–	5,213	–	44,003
	<u>39,182</u>	<u>–</u>	<u>(36)</u>	<u>5,579</u>	<u>–</u>	<u>44,725</u>
<i>Restricted funds</i>						
<i>Endowment funds:</i>						
De Arroyave fund	618	–	–	–	110	728
Fantham bequest	72	1	–	–	–	73
Davis fund	4	–	–	–	–	4
	<u>694</u>	<u>1</u>	<u>–</u>	<u>–</u>	<u>110</u>	<u>805</u>
<i>Other funds:</i>						
Scientific fund	1,926	55	–	(80)	250	2,151
Tiger SOS	10	–	(10)	–	–	–
Library support fund	100	–	–	–	–	100
HEFCE fund	36	2,222	(2,381)	–	–	(123)
Big Lottery Fund Grant	42	–	(42)	–	–	–
Other	3,552	5,787	(4,639)	(63)	–	4,637
	<u>5,666</u>	<u>8,064</u>	<u>(7,072)</u>	<u>(143)</u>	<u>250</u>	<u>6,765</u>
Total funds	<u><u>53,776</u></u>	<u><u>45,814</u></u>	<u><u>(39,481)</u></u>	<u><u>–</u></u>	<u><u>1,692</u></u>	<u><u>61,801</u></u>

*Incorporating the unrestricted pension asset at 31 December 2013, being £2,000,000 (2012: £500,000).

Notes to the Financial Statements

15. Funds (continued)

Incoming resources of the Charity amounted to £45,814,000 (2012: £37,302,000) and its net movement in funds amounted to a £8,025,000 increase (2012: £3,361,000 increase).

Fund transfers of £272,000 have been made from the designated Tiger SOS fund to the unrestricted general fund to help meet the capital cost of the new tiger exhibit, *Tiger Territory*. Fund transfers of £5,851,000 have been made from the general fund to the designated funds and include £500,000 to the conservation, science and education fund and £5,213,000 to the tangible fixed asset fund, which was set up to separately identify the resources that have been used to acquire tangible fixed assets. The value of this tangible fixed asset 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 £143,000 were made from restricted funds to unrestricted funds in accordance with restrictions upon which the Society may use such restricted funds. The HEFCE closing balance at 31 December 2013 represents expenditure incurred in advance of grant income for the period since 1 August 2013 to 31 December 2013.

(c) Analysis of group net assets between funds:

	<i>Tangible assets £000</i>	<i>Investments £000</i>	<i>Other net assets £000</i>	<i>Total £000</i>
Unrestricted funds	44,003	1,726	8,502	54,231
Restricted funds				
– Endowment funds	–	754	51	805
– Other funds	–	2,066	4,699	6,765
	<hr/>	<hr/>	<hr/>	<hr/>
Total group net assets	44,003	4,546	13,252	61,801
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

16. Pension schemes

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

	<i>2013 £000</i>	<i>2012 £000</i>
Defined benefit scheme contributions	1,300	1,000
Defined contribution schemes*	352	269
	<hr/>	<hr/>
	1,652	1,269
	<hr/>	<hr/>

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

	<i>2013 £000</i>	<i>2012 £000</i>
Defined benefit scheme contributions	119	120
Defined contribution schemes*	85	48
	<hr/>	<hr/>
	204	168
	<hr/>	<hr/>

*Includes amount in respect of the USS which is a defined benefit scheme but, as required by FRS17 'Retirement benefits', is accounted for as if it were a defined contribution scheme.

Notes to the Financial Statements

16. Pension schemes (continued)

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

	<i>At year-end</i> <i>31 December</i> <i>2013</i> <i>£000</i>	<i>At year-end</i> <i>31 December</i> <i>2012</i> <i>£000</i>
<i>Change in benefit value of obligation</i>		
Benefit obligation at beginning of year	31,100	28,200
Current service cost	1,300	1,300
Current interest cost	1,400	1,300
Actuarial losses	1,900	1,600
Benefits paid	(900)	(1,000)
Premiums paid	(100)	–
Plan curtailments	–	(300)
	<hr/>	<hr/>
Benefit obligation at end of year	34,700	31,100

	<i>At year-end</i> <i>31 December</i> <i>2013</i> <i>£000</i>	<i>At year-end</i> <i>31 December</i> <i>2012</i> <i>£000</i>
<i>Change in plan assets</i>		
Fair value of plan assets at the beginning of the year	31,600	27,800
Expected return on plan assets	1,500	1,300
Actuarial gain	3,100	1,900
Employer contribution	1,500	1,600
Benefits paid	(900)	(1,000)
Premiums paid	(100)	–
	<hr/>	<hr/>
Fair value of plan assets at end of year	36,700	31,600

Amounts recognised in the balance sheet

Plans that are wholly unfunded and plans that are wholly or partly funded		
Present value of wholly or partly funded obligations	34,700	31,100
Fair value of plan assets	36,700	31,600
	<hr/>	<hr/>
(Surplus) for funded plans	(2,000)	(500)
	<hr/>	<hr/>
Net (asset)	(2,000)	(500)
	<hr/>	<hr/>
Liabilities	–	–
Assets	(2,000)	(500)
	<hr/>	<hr/>
Net (asset)	(2,000)	(500)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

16. Pension schemes (continued)

	<i>At year-end</i> 31 Dec 2013 £000	<i>At year-end</i> 31 Dec 2012 £000
Components of pension cost		
Current service cost	1,300	1,300
Interest cost	1,400	1,300
Expected return on pension plan assets	(1,500)	(1,300)
Actuarial (gains) immediately recognised during the year	(1,200)	(300)
Curtailement gain	–	(300)
	<hr/>	<hr/>
Total pension cost recognised in Group Statement of Financial Activities	–	700
	<hr/> <hr/>	<hr/> <hr/>
Cumulative amount of actuarial losses immediately recognised	2,500	3,700
	<hr/> <hr/>	<hr/> <hr/>
Actual return on plan assets	4,600	3,200
	<hr/> <hr/>	<hr/> <hr/>

Weighted average assumptions used to determine benefit obligations at:

	<i>31 December</i> 2013 %	<i>31 December</i> 2012 %
Discount rate	4.6	4.5
Rate of salary increase	4.3	3.9
Rate of price inflation (Retail Price Index)	3.3	2.9
Rate of price inflation (Consumer Price Index)	2.4	2.2
Rate of pension increases:		
Retail Price Index capped at 5%	3.2	2.9
Retail Price Index capped at 5% subject to a minimum of 3%	3.7	3.5

Weighted average assumptions used to determine net pension cost:

	<i>31 December</i> 2013 %	<i>31 December</i> 2012 %
Discount rate	4.5	4.7
Expected long-term rate of return on plan assets	4.7	4.8
Rate of salary increase	3.9	4.0
Rate of price inflation (Retail Price Index)	2.9	3.0
Rate of price inflation (Consumer Price Index)	2.2	2.2
Rate of pension increases:		
Retail Price Index capped at 5%	2.9	2.9
Retail Price Index capped at 5% subject to a minimum of 3%	3.5	3.6

Notes to the Financial Statements

16. Pension schemes (continued)

Assumed life expectancy on retirement age at 65

	31 December 2013		31 December 2012	
	Male	Female	Male	Female
Retiring today (member age 65)	23.3	25.8	23.2	25.7
Retiring in 25 years (member age 40 today)	25.1	27.8	25	27.7

Plan assets

Percentage of plan assets by asset allocation

	Plan assets at 31 December 2013		Plan assets at 31 December 2012	
	%		%	
Equity securities	68.3		68	
Debt securities	28.0		28.6	
Property	1.4		1.5	
Other	2.3		1.9	
Total	100		100	

Expected return on assets by asset allocation

	Plan assets at 31 December 2013		Plan assets at 31 December 2012	
	%		%	
Equity securities	6.6		6.1	
Debt securities	4.0		3.6	
Property	6.1		5.6	
Other	0.5		0.5	
Total*	5.2		4.7	

*The total expected return on asset assumptions shown above are net figures after making allowance for expenses of 0.6% p.a. as at 31 December 2012 and 0.5% as at 31 December 2013.

Description of basis to determine the overall expected rate of return on assets

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 5.2% p.a. assumption at 31 December 2013.

Notes to the Financial Statements

16. Pension schemes (continued)

Five-year history of experience gains and losses

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation	34,700	31,100	28,200	26,700	23,300
Fair value of plan assets	36,700	31,600	27,800	27,000	23,300
(Surplus)/deficit	(2,000)	(500)	400	(300)	—
Difference between the expected and actual return on plan assets:					
amount	(3,000)	(1,900)	1,500	(1,400)	(1,900)
percentage of scheme assets	(8)%	(6)%	6%	(5)%	(8)%
Experience (gain)/loss on plan liabilities:					
amount	—	—	(1,800)	—	—
percentage of present value of plan liabilities	—%	—%	(6)%	—%	—%

Contributions

There were outstanding contributions payable to the plan of £119,000 (2012: £120,000) at 31 December 2013 and the Society expects to pay £1,500,000 into the scheme in 2014.

Balance sheet reconciliations excluding any related deferred tax

	At year-end 31 Dec 2013 £000	At year-end 31 Dec 2012 £000
Components of pension cost		
Net (asset)/liability	(500)	400
Pension expense recognised in resources expended in the Group Consolidated Statement of Financial Activities	1,200	1,000
Actuarial (gain) recognised in the Group Consolidated Statement of Financial Activities	(1,200)	(300)
Employer contributions made in the financial year	(1,500)	(1,600)
Net (asset)	(2,000)	(500)

Universities Superannuation Scheme (USS)

The Society participates in USS, a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the USS scheme are held in a separate fund administered by its trustee, Universities Superannuation Scheme Limited. The appointment of Directors to the Board of the trustee is determined by the trustee 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; and a minimum of three and a maximum of five are independent 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.

The latest actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pension Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of fund levels. In particular, he carries out a review of the funding level each year between triennial valuations, and details of the estimate of the funding level at 31 March 2013 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),

Notes to the Financial Statements

16. Pension schemes (continued)

the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An 'inflation risk premium' adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI, which corresponds broadly to 2.75% for RPI p.a.).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% p.a., salary increases would be 4.4% p.a. (with short-term general pay growth at 3.65% p.a., and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% p.a. for three years following the valuation, then by 2.6% p.a. thereafter. Standard mortality tables were used as follows:

Male members' mortality	SINA ["light"] YoB tables – no age rating
Female members' mortality	SINA ["light"] YoB tables – rated down one year

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 CMI 2009 projections with a 1.25% p.a. long-term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Male (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of assets of the scheme was £32,433.5m and the value of the scheme's technical provisions was £35,343.7m, indicating a shortfall of £2,910.2m. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% p.a. (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004, the scheme was 93% funded; on a buy-out basis (ie assuming the scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single-employer scheme, using AA bond discount rate of 5.5% p.a. based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation, and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2bn, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions, but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

At the valuation date the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK Government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation. Since the valuation effective date there have been a number of changes to the benefits provided by the scheme, which became effective from October 2011. These include:

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

Notes to the Financial Statements

16. Pension schemes (continued)

- **Normal pension age:** The normal pension age was increased for future service and new entrants, to age 65.
- **Flexible retirement:** Flexible retirement options were introduced.
- **Member contributions increased:** Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.
- **Cost sharing:** If the total contribution level exceeds 23.5% of salaries p.a., the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.
- **Pension increase cap:** For service derived after 30 September 2011, USS will match increases in the official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference, up to a maximum increase of 10%.

The actuary has estimated that the funding level as at 31 March 2013 under the scheme-specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011, allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions that have been taken into account for the 31 March 2013 estimation.

On the FRS 17 basis, using an AA bond discount rate of 4.2% p.a. based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 55%.

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 as follows.

Assumption	Change in assumption	Impact on scheme liabilities
Investment return	Decrease by 0.25%	Decrease by £1.6bn
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1bn
Rate of salary growth	Increase by 0.25%	Increase by £0.6bn
Members live longer than assumed	One year longer	Increase by £0.8bn
Equity markets in isolation	Fall by 25%	Increase by £4.6bn

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

The Trustees believe 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 are designed to give the fund a significant exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it might 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 sponsoring employers would be willing to make, it is necessary and appropriate for the trustee to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide, while maintaining a prudent approach to meeting the fund's liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from his internal investment team, his investment consultant and the scheme actuary, and importantly considers the ability of the sponsoring employers to support the scheme if the investment strategy does not deliver the expected returns.

The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities and the scheme actuary has confirmed that this is likely to remain the position for the next ten years or more. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and, critically, the ability of the employers to provide additional support to the scheme should additional contributions be required, enables it to take a longer-term view of its investments. Short-term volatility in returns can be tolerated and need not feed through immediately to the contribution rate. However, the trustee is mindful of the difficult economic climate that exists for defined benefit pension schemes currently, and the need to be clear about the responses that are available should the deficits persist and a revised recovery plan become necessary following the next actuarial valuation of the scheme as at 31 March 2014. The trustee is making

Notes to the Financial Statements

16. Pension schemes (continued)

preparations ahead of the next valuation to compile a formal financial management plan, which will bring together the various funding strands of covenant strength, investment strategy and funding assumptions, in line with the latest guidance from the Pensions Regulator.

At 31 March 2013, USS had more than 148,000 (2012: 145,000) active members and the Society had, at 31 December 2013, 34 (2012: 33) active members participating in the scheme. The total USS pension cost to the Society for the year ended 31 December 2013 was £221,000 (2012: £223,000) and there was £29,000 (2012: £29,000) outstanding in employer's and employee's contributions at 31 December 2013. The contribution rate payable by the ZSL was 16% of pensionable salaries.

17. Leasing commitments

	2013 £000	2012 £000
Leases expiring:		
Within one year	38	28
Within two to five years	443	513
	<u>481</u>	<u>541</u>

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

18. Capital commitments

The Society leases the Regent's Park site from the Department for Culture, Media and Sport. The lease was renewed in 1999 for a term of 56 years (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 £15.2m. Further work is budgeted for in 2014.

Capital expenditure of £2.4m (2012: £6.5m) had been authorised but not provided at 31 December 2013, of which £0.7m (2012: £5.7m) had been contracted and £1.4m (2012: £0.8m) had not been contracted.

19. Notes to the Consolidated Cash Flow Statement

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

	2013 £000	2012 £000
Net incoming resources before other recognised gains	6,333	2,838
Current service cost surplus	(200)	(300)
Pension finance income	(100)	–
Pension curtailment gain	–	(300)
Interest and investment income	(207)	(344)
Bank loan interest	35	–
Depreciation of fixed assets	3,470	3,064
Loss on disposal of tangible fixed assets	128	80
Decrease in stocks	98	41
Increase in debtors	(660)	(677)
Increase in creditors	419	356
	<u>9,316</u>	<u>4,758</u>
Net cash inflow from operating activities	9,316	4,758

Notes to the Financial Statements

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

(b) Analysis of consolidated net cash resources

	<i>1 January</i>	<i>Cash</i>	<i>31 December</i>
	<i>2013</i>	<i>flow</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash at bank and in hand	7,933	1,264	9,197
Cash on short-term deposit	4,005	1,209	5,214
Bank loan	–	(1,870)	(1,870)
	<hr/>	<hr/>	<hr/>
	11,938	603	12,541
	<hr/>	<hr/>	<hr/>

20. Contingent liabilities

The Charity is jointly and severally liable for all Value Added Tax (VAT) debts of the VAT group registration of which it is a part relating to the period that it has been a member of the VAT group. The total VAT liability for the VAT group at 31 December 2013 was £113,000.

21. Related parties

There were no material related party transactions in the year (2012: none). The Society has taken the exemption given by Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with subsidiaries.





LIVING CONSERVATION

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