

The Zoological Society of London

Trustees' Report and Financial Statements

31 December 2007

Registered Charity No. 208728

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Trustees' report

The trustees are pleased to submit this report and the financial statements for the year to 31 December 2007. Further information about the Society's activities is given in two separate documents, Zoological Society of London Annual Review parts 1 & 2 ("Annual Review").

Objectives of the society and mission statement

The objectives of the Society as set out in its Charter are: 'the advancement of zoology by, amongst other things, the conducting of scientific research, the promoting of conservation of biological diversity and the welfare of animals, the care for and breeding of endangered and other species, the fostering of public interest, the improvement and dissemination of zoological knowledge and participation in conservation worldwide.'

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

"To promote and achieve the worldwide conservation of animals and their habitats":

The Zoological Society of London (ZSL) pursues this mission by:

- 1 keeping and presenting animals at ZSL London Zoo and ZSL Whipsnade Zoo in accordance with best practice;
- 2 giving priority to species that are threatened in the wild;
- 3 increasing public understanding of animals and their welfare and of the issues involved in their conservation;
- 4 maintaining an outstanding education and information programme, particularly for schoolchildren and families;
- 5 undertaking field conservation programmes, both in Britain and abroad;
- 6 developing its role as a leading centre for research and conservation biology and animal welfare; and
- 7 fulfilling its role as a learned society and force for zoology and animal conservation through publications, scientific meetings, lectures, the award of prizes for outstanding achievement and the promotion of conservation policy.

The main objectives for the year ahead are:

- 1 to improve the integration of our science, conservation, education and site based operations to enhance our effectiveness in achieving our goals and improve the status of target species and habitats;
- 2 to improve the visitor experience to our sites to inspire visitors through continued exhibit and site development and show case our science and conservation work;
- 3 to inform and inspire people to support conservation; and
- 4 to generate sufficient funds to enable our work to continue and develop.

Trustees' report (continued)

Corporate status

The Society is a charity, registered in England & Wales with the Charity Commission. Certain of the commercial operations of the two zoos, namely catering and shops, are carried out through its wholly owned subsidiary companies Zoo Operations Limited, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. In addition the Society controls other wholly owned subsidiaries; Zoo Restaurants Limited, ZSL (Web of Life) Limited, which are dormant; Biota! and the Zoological Society of London Development Trust.

Organisation

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

The Council is the ruling body of the Society, meets 5 to 6 times each year, and is responsible for establishing and monitoring the policies of the Society. Council members are elected from and by the membership of the Society by postal ballot and serve for periods of three years. All members are circulated with invitations to nominate trustees, and advising them of the retiring trustees and specialist skills that the Council consider would be helpful to the Society.

New trustees are invited to an induction/training meeting prior to taking up their role where in accordance with Charity Commission guidelines they are briefed on their legal obligations under charity and 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 either internally or externally.

In addition to Council, the Society operates through a number of committees and boards, namely:

- Finance and General Purposes Committee
- Strategy Committee
- Animal Welfare Committee
- Awards Committee
- University of Cambridge/Zoological Society of London Joint Committee
- Zoos Advisory Committee

Day-to-day management is delegated to the Director General and the 6 operational directors and monitored by Council through the Officers. All matters of policy are determined by Council and the Officers of ZSL.

Trustees' report (continued)

Council members/trustees

The following were Council members at 1 May 2008 or served during the year to 31 December 2007.

President

Professor Sir Patrick Bateson PhD, ScD, FRS

Secretary

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

Treasurer

Paul Rutteman CBE, BSc(Econ), FCA

Vice Presidents

Sheila Anderson BSc (Hons), FBAASc

Alison Cook PhD+

John Edwards MA, FLS *

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

Professor John Beddington CMG, FRS+

Brian Bertram MA, PhD, CBiol, FIBiol+

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

Martin Cooke*

David Dixon PhD, FIBiol

Andrew Greenwood MA, VetMB, DipECAMS, FIBiol, FRCVS

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

Professor David Houston BSc, DPhil

Nick Jackson MBE

Professor James Kirkwood BVSc, PhD, FIBiol, MRCVS+

Andrew Kitchener BSc (Hons), PhD

Sir William McAlpine BT

Azra Meadows MSc, PhD, CBiol, MIBiol, FLS

Mark Ridgway BSc, PGCE, FLS

Sean Rovai DCA, MTSI

Martin Rowson*

Ken Sims*

Robert Wingate MSc

Professor Roger Wotton

+ to 19 June 2007

* from 19 June 2007

Directors

Director General

Commercial Director

Finance Director

Conservation Programmes Director

Human Resources Director

Zoological Director

Ralph Armond

Brian Oldman (to 31 August 2007)

Michael Russell

Dr Glyn Davies (to 5 July 2007)

Ian Meyrick

David Field

Trustees' report (continued)

Overview

The financial performance of the Society continued to improve with both Zoo's experiencing their highest visitor numbers for 15 years and record revenues arising from Retail and Catering operations. A surplus of £3.5 million was achieved in the year.

2007 marked the seventh year of the Institute of Zoology's partnership with the Department of Zoology at the University of Cambridge. A review of the Institute's work carried out in 2007 highlighted the numerous research activities and collaborations that have been stimulated by this partnership.

Our research projects continue to have strong policy implications for highly topical conservation issues, including the Bushmeat trade, global assessment of threatened species, disease risks to wildlife and the ecology and behaviour of important native species.

In 2007 our new exhibits, *Gorilla Kingdom* and *Clore Rainforest Lookout* at London Zoo and *In with the Lemurs* at Whipsnade proved immensely popular with visitors and contributed to the increased numbers.

Significant progress in development of major new exhibits in London, *Tropical Bird Walkthrough* in the Blackburn Pavilion, and *Rhino's of Nepal* and *Cheetah Rock* at Whipsnade was made and all opened in early 2008.

The development of Biota!, the aquarium based project in Silvertown Quays, London, has continued through the year. Initial contractual arrangements were agreed and signed in 2007 and detailed design began in November. This detailed design will be completed later in the year and subject to the fulfilment of key conditions construction on site should commence during 2009.

Science and conservation

The Institute of Zoology, the scientific research wing of ZSL, undertakes relevant, high quality biological research and training, to respond to conservation research priorities. We communicate the results of our research worldwide to conservation practitioners constantly improving the ability to protect wildlife.

Following the departure of the Director of Science, Professor Georgina Mace in October 2006, to become Head of the Centre for Population Biology at Imperial College, London, Professor Tim Blackburn was appointed as Head of The Institute of Zoology in July 2007. Tim's first major task was to produce the Institute's submission to the UK Research Assessment Exercise. The RAE is a six-yearly review of the quality of all UK academic departments, based on grant income, research outputs and strategies, graduate student supervision, and quality of the research environment. The Institute is not formally required to submit to the RAE, but does so to ensure that the quality and focus of our research is maintained. It is also an opportunity to have the Institute's work externally and independently reviewed. The submission process was completed in November, but the results of the review are not due until December 2008.

The RAE process nevertheless highlighted some very positive aspects of the Institute's science since 2001. Notably, in that period, the 20 core-funded Institute scientists published 18 papers in the top international journals *Science* and *Nature*, which represents a high rate of return and gives our work the broadest possible scientific readership. Annual grant income also increased substantially over the assessment period, to the point that roughly half of Institute income is from competitive funding sources.

The Institute's science and conservation work also figured prominently in the media in 2007. The launch of the list of EDGE (Evolutionary Distinct and Globally Endangered) mammals, the declaration that the Yangtze river dolphin is probably extinct, and the sexual habits of cheetahs and of African topi antelope, all thrust Institute scientists into the spotlight of the national and international print and broadcast media.

July 2007 saw the departure of Director of Conservation Programmes, Dr. Glyn Davies for a new opportunity with WWF. In November, Dr. Jonathan Baillie was appointed Head of Field Conservation.

Trustees' report (continued)

Jonathan has been associated with ZSL for a number of years, most recently as the Head of the Indicators and Assessments Unit and as founder of the EDGE project.

During 2007 further important conservation work was achieved by our 6 programme areas.

1) Bushmeat & Forests

The Bushmeat and Forests programme had a whole new team in 2007.

ZSL were awarded a Darwin Initiative Grant in March for the Wildlife Wood Project in Ghana and Cameroon. The EU agreed an extension to our grant for the Virunga National Park project in DRC for 2008. ZSL also received grants from WWF and Wildlife Direct to support our activities in DRC.

Following the killing of four mountain gorillas in July and another in June, ZSL issued a press release on the follow-up emergency action plan and care for the baby orphaned by the killings, this resulted in articles in the Metro, Daily Express, a double-page piece in the Independent and National Geographic and extensive TV and Radio coverage. More than £10,000 was raised through donations following this coverage.

ZSL held a scientific meeting entitled "Saving Gorillas: understanding the threats and finding the solutions to conserving one of our closest relatives" attended by approximately 300 people.

Approximately 150 tourists visited the Mikongo Conservation Centre during 2007.

2) Carnivores & People

The Indonesia team surveyed an area adjacent to Bukit Tigah Pulu National Park which has been allocated to timber concession and found it to contain tigers, elephants, clouded leopards, golden cats, tapirs and more. A press release was produced highlighting the fact that such areas are currently regarded as worthless for wildlife and recommending surveys in future before concessions are allocated.

ZSL staff member and vet Claudia Schoene assisted WCS in the capture and biomedical sampling of several wild Amur leopards as part of our collaborative work on Amur leopards and wildlife health in the Russian Far East.

Regional Conservation Plans for both wild dogs and cheetah in southern and eastern Africa were completed by the ZSL/WCS Tanzania Carnivore Programme after a series of collaborative workshops.

Six previously unstudied areas of Tanzania were surveyed for mammals using camera-traps and 12 Tanzanian conservation professionals trained in survey techniques.

3) Deserts & Rangelands

The Greater One Horned Rhino Grasslands and Community Darwin Initiative was launched in Chitwan, Bardia and Suklaphanta protected areas, Nepal.

Continued support of vulture conservation through on-going activities towards captive breeding for release and establishment of an IUCN PharmaGroup to find solutions to Pharmaceuticals in the environment

Surveys for Slender-horned gazelle in Algeria and in Djebil National Park were successfully completed as was an aerial survey of addax and general land use for protected area development project in Niger.

The National Strategy process for rhino in Kenya 2007-2012 with publication and launch was concluded.

The Mongolian Red List and Action Plans for mammals were printed in both Mongolian and English and the Mongolian Red List and Actions Plans for reptiles and amphibians were drafted.

Trustees' report (continued)

In Saudi Arabia, augmentation re-introduction of 21 Mountain gazelles in the Ibex Reserve was completed. Their dispersal, establishment and condition was monitored through the year.

4) Island Ecosystems

Sustained breeding and developmental success was realised for ZSL's *ex situ* Bermudian snail and the Fregate Beetle populations.

Curator Richard Gibson and Senior Keeper Ian Stephen travelled to Dominica in the summer to collect mountain chickens *Leptodactylus fallax*, to found a safety-net breeding programme in the UK for this Critically Endangered frog.

In collaboration with Warwick University and the Chagos Conservation Trust ZSL submitted a detailed proposal to the Royal Society with the main thrust emphasising climate change and pristine benthic habitats.

5) Marine & Freshwater

Claudia the green turtle was satellite tagged. This is the first turtle in the Western Indian Ocean to be tagged. Claudia quickly travelled 2,000km north along the coast to Malindi Marine Reserve in Kenya where she remained.

The Maluane Marine Mammal Research project was launched. 14 humpback whale individuals have already been identified.

ZSL has produced the Tidal Thames Biodiversity Action Plan for City of Westminster Council

Pink Sea Fans have spawned in both display and holding tanks. This is the first documented occurrence of reproduction in captivity of this native British coral species.

ZSL was awarded funding for four years by the Big Lottery International Communities programme for the project Community-led rehabilitation of Mangroves in the Philippines.

The NERC grant proposal; Benthic biodiversity of seamounts in the southwest Indian Ocean was funded. This is an incredibly exciting project, led by IOZ but also involving the Natural History Museum and the Scottish Association of Marine Sciences, aimed at exploring the biodiversity of seamounts on the SW Indian Ocean Ridge.

Funding was received from the Marine Mammal Commission to carry out a series of fishermen interviews along the mid-lower Yangtze, to gather data on porpoise by-catch, local fisheries impacts, and possible baiji sightings

The Cetacean Strandings Project was awarded three-year funding to continue this important work.

6) UK Native Species

At the beginning of the year corncrakes at Whipsnade Zoo began showing mating behaviour which was exceptionally early and almost certainly due to the unseasonably warm winter. A total of 188 eggs in 17 clutches were laid during the season, an improvement on 2006. 130 chicks were successfully reared and sent to the Nene Washes release site making the highest number since 2005 when 86 were sent.

Butterfly Conservation launched the Lottery-funded Moth Count project in May at Regent's Park. Sir David Attenborough gave a keynote speech, and significant media coverage was generated.

ZSL has created a new, bio-secure captive-breeding facility for field crickets and red-barbed ants. This is an important step forward in our efforts to prevent the introduction of infectious disease and alien parasites during translocation carried out for conservation purposes.

Trustees' report (continued)

Discovery and Learning

Education

At the year end 2007, both London and Whipsnade exceeded all records for children participating in the education programme, whilst total school attendances at both zoos showed a healthy increase on 2006 and on budget.

ZSL London Zoo

2007	Educational activity (EO)	Self-guided (SG)	TOTAL attendance	
London schools (GLA)	42,022	40,796	82,818	
All other schools	6,797	8,716	15,513	
	48,819	49,512	98,331	2006: 85,688
				2005: 77,045

ZSL Whipsnade Zoo

2007	Educational activity (EO)	Self-guided (SG)	TOTAL 2007	
Whipsnade schools	7,147	24,132	31,282	2006: 29,335
				2005: 27,826

ZSL Outreach Programme; This last term, following the completion of a successful pilot programme, and the GLA's agreement to continue funding, we were able to take forward the development of the outreach programme. In the academic year September 2006 to July 2007 over 12,000 children were taught through the Outreach surpassing targets by some 44%.

Volunteers- A major review of the entire ZSL Volunteer Scheme was produced to advise future development. The Society is fortunate in having the support of 400 people, with almost 300 in roles that help extend the educational value of a zoo visit. Others support the keepers, library and outreach team. Retention levels are high with a third of volunteers having served 5 years or more, and 14% having served over 15 years.

Typically, volunteers talk to visitors in the Squirrel Monkey enclosure, the lemur enclosure, at touch tables; they run the craft activities and assist with events.

Volunteers provide an essential contribution to the work of the Society and we are extremely grateful to them. The volunteers give around 80,000 hours of service which would equate to approximately £650,000 in gross salary costs.

Trustees' report (continued)

Interpretation

Gorilla Kingdom interpretation reached new levels of visitor engagement. A positive evaluation highlighted the impacts of the gorilla portrait display and vote station in particular, and market research showed a significant uplift in visitors reporting that through the zoo they had learned about conservation; thought to be related to the storylines highlighted in this major new exhibit. The vote station attracted over £25,000 in donations in around 8 months of operation.

Explainers continued to add significantly to the visitor experience, for the first time operating at Whipsnade as well as London. Innovative new shows and events enhanced walk-through and other exhibits at both sites, and Halloween and Christmas promotions drew additional visitors to the zoos. Feedback ratings are positive, for example Jumbo Express scores again outstripping the previous year's when the commentary was delivered by an external drama company.

At London Zoo a series of heritage signs (important zoo history and heritage stories e.g. the penguin pool, Guy the gorilla statue), replacement graphics and more conservation signs have been produced and was installed in January 2008.

The Climate change update in BUGS! was installed and launched on 30th November. Mitsubishi, the project sponsor, visited the exhibition on the launch day. A visitor survey repeating the questions prior to installation is underway and will highlight the impacts of this exhibit upgrade.

At Whipsnade Zoo a children's illustrator has been commissioned to work on the Children's Farm and work is underway on the illustrations and fabrication of the interactive exhibits. A colour scheme has been developed for the building. The ongoing programme to improve signage around the zoo continues with new "who's who" signage at giraffes and hippos, and a new large-scale series of labels to be installed on the largest roadside paddocks. Further conservation signage is also included in the print run mentioned above and these will be installed early in the year. The team are supporting interdepartmental efforts to improve the look, feel and function of the main arrival points as part of the rebranding exercise.

Living Collections

Mammals

At London Zoo the year saw the Easter opening of two large exhibits Gorilla Kingdom and the Clore Rainforest Lookout. A new female gorilla 'Effie' from Leipzig arrived before the opening, and has integrated with the silverback male resulting in numerous observed matings. Following close liaison with the Gorilla EEP and Chessington World of Adventures a new female transferred from Chessington to London in spring 2008. Gorilla Kingdom also established a group of critically endangered white naped mangabeys, with young expected in 2008, and a group of black and white colobus.

The Clore Rainforest Lookout has also attracted extensive media coverage and has proven to be hugely popular exhibit with the visitors. New mammals include pied tamarins, emperor tamarins, cotton top tamarins, and red titi monkeys – who successfully reared a youngster.

Other notable transfers have included the exchange of female Sumatran tigers, following EEP recommendations.

Whipsnade opened its new walkthrough exhibit *In With the Lemurs* at Easter, which has proven to be a great success with the visitors.

Work commenced and is on track for the development of two major exhibits due to open in 2008, namely Cheetah Rock and Rhinos of Nepal.

Notable breeding has included the births of an Indian rhinoceros, southern white rhinoceros, Californian sea lion, gaur and onager, with an elephant birth in January 2008.

Trustees' report (continued)

Following the escape of a pair of chimpanzees, the male 'Johnny' unfortunately had to be shot to protect public safety. A full investigation has been carried out. The female 'Koko' is successfully being integrated within the remaining chimp group.

Birds

Work started on the redevelopment of the London Zoo Tropical Birdhouse, to create the Blackburn Pavilion exhibit, which opened Easter 2008. The refurbished house will be the centre of operations for the Bird Section as well as being a showcase for the bird collection at London. It will provide public tropical themed walkthrough areas, whilst maintaining the integrity of the original Victorian building. In readiness for the opening, notable imports include splendid sunbirds, scarlet chested sunbirds and Amazilia hummingbirds.

Breeding successes have included the tawny frogmouths, a chick each from two pairs, the first successful breeding at London for many years. Endangered white winged ducks were also bred for the first time.

142 corncrakes successfully bred at Whipsnade, a record number, with 130 sent to the Nene Washes and 109 released.

Herpetology

New species in 2007 included Philippine crocodiles – we now hold a pair of 15 founder animals brought in from the Philippines to establish a new EEP for this critically endangered species with associated in situ programme support. Additionally 3 captive bred Mangrove snakes were imported to replace the more dangerous and problematic boomslang as the representative rear-fanged colubrid snake in the collection.

Notable breeding of herps included diamond pythons, red-tailed green racer (in BUGS exhibit). 2 Gila monsters (a great technical achievement). A significant breeding success of Egyptian tortoises was achieved at ZSL Whipsnade Zoo with this Critically Endangered species.

Amphibian Ark

In response to the Global Amphibian Crisis the amphibian representation in the collection was increased to include strawberry poison dart frog and Okinawa newts to provide a suitable caudate species for educational exhibit and to increase the breadth of staff husbandry experience. Additionally aquatic caecilian were acquired to meet the urgent need for zoos and aquariums to develop husbandry skills with the most poorly known amphibian group.

ZSL has supported the Global Amphibian Ark through the secondment of the Curator of Herpetology and the Zoo Conservation Officer to work directly for the ARK. Breeding units for endangered amphibians are in preparation at Whipsnade Zoo.

Seven wild-caught mountain chickens arrived in London to initiate the out-of-country *ex situ* breeding aspect of the Darwin Initiative funded Dominican mountain chicken programme. ZSL staff spent time in Dominica collecting these frogs and working with various government staff to implement a serious cricket culturing programme and catalyse the construction of the in-country *ex situ* breeding facility in Roseau. Despite more than 250 person-hours in the field, fewer than 30 frogs were heard/observed. This further demonstrates the catastrophic decline that this species has undergone in Dominica in the past 3-5 years. Five male and two female frogs were collected, held in Dominica for up to one week and successfully transported to the UK. Despite three clear samples and 3 months of apparent good health, the Dominican mountain chickens in biosecure housing in the Nuffield, succumbed to chytrid fungus in early December. A rapid and intensive response to the problem including repeated treatment and sanitisation of their entire rooms and all furnishings has resulted in all seven frogs still being alive at the time of writing. The fact that these frogs clearly came in with the disease, undetected, and harboured it for three months without any sign of ill health further underlines the difficulty of managing this disease.

Trustees' report (continued)

Invertebrates

Notable breeding was achieved with *Pharnacia jiangfenglingensis* phasmid (a first ZSL recorded hatching for this species). Good breeding progress was realised for the majority of Partula snail species, Fregate beetles and Bermudian snails. There was also excellent rearing success with British field crickets and initial survivorship results for the Red-barbed wood ant colonies. A Native Insect Quarantine Unit was developed for receiving the field cricket and red-barbed Species Recovery Programme populations which are now established.

Butterfly Paradise was awarded a commendation by BIAZA in its exhibit award category

Aquarium

New Species included Short-snouted Seahorses, Tasselled Filefish and a number of other reef species arrived from Bristol Wildwalk. Four Custom's confiscations of coral and live rock were received containing dozens of new species.

Several programme species had a good year for spawning including three pupfish species, all extinct in the wild and six critically endangered Mexican livebearers. The critically endangered Corfu Killifish spawned and doubled the number held in the collection. More Ocellated Stingray babies were born and these have been sent to several collections in the UK and Europe. Breeding trials on several Amazonian species were undertaken successfully. Record numbers of fry of the native Long-snouted Seahorse were produced but most didn't survive past two months.

An exhibit showing pink sea fans, a native British Coral species, was created to highlight ZSL's work with The Deep and Natural England on the husbandry of this Biodiversity Action Plan species. An 18,000 litre exhibit in Hall 2 was reinstated after four years and contains a variety of colourful reef fish donated by Wildwalk @Bristol, which closed to the public early in the year. The entire Aquarium team spent two days organising the transfer. A new coral reef exhibit was installed that contains specimens from the many HM Customs coral seizures at Heathrow. An adult Electric Eel was put on show along with a variety of new Amazon species in Hall 3.

Project Seahorse

The first marine protected area that Project Seahorse helped establish won a national award. The people of Handumon won 1st place in the MPA Support Network (MSN) organised national search for best MPAs. There are over 1,000 MPAs in the Philippines (compared with 1 in the UK!) A fantastic achievement and recognition of the long-term commitment of the community to marine conservation.

Veterinary Department

The early year was dominated at ZSL London Zoo by preparations and the opening of two new exhibits. Much of the Department's work related to quarantine management and health-checks of incoming new stock. The Hospital played a major role in holding animals in quarantine, in addition to the gorillas that had been held there since the demolition of the previous exhibit in January 2006. A large proportion of these had come from abroad and so needed rabies quarantine and surveillance until September.

Subsequent to these changes it became apparent that in particular one gorilla was having behavioural problems. A researcher has been recruited on a short-term contract to help direct management and, along with additional administrative support and recruitment of an Animal Care Assistant, had enabled us to provide animal care of a higher standard.

Major cases included the management of the chimpanzee group at ZSL Whipsnade Zoo, successful surgery on two snakes and reproductive work, with our collaborators from IZW, on rhino and elephant.

With new exhibits being scheduled for 2008 the Department was involved towards the end of the year in the development of the new tropical bird house at ZSL-LZ and the cheetah development at ZSL-WZ.

Trustees' report (continued)

The Department continued in its role supporting the native species programmes and, through work by the pathologists and microbiologists, had particular influence in the management of both corncrakes and field crickets.

Innovative work was carried out in collaboration with a colleague from Germany using the blood-sucking kissing bugs to obtain diagnostic samples from conscious animals including tapir and okapi. This work, along with many other topics such as our use of the Buddy Egg monitor to check reptile eggs during incubation, treatment of hypothyroidism in a red panda and pathology findings in lion cubs and Komodo dragons, has been presented at zoo worker and veterinary conferences.

Movement restrictions and the threat from diseases of domestic livestock, including foot and mouth disease, blue tongue and avian influenza, were with us throughout the year. The Department not only advised and supervised bio-security for the two Living Collections but was also represented on a number of consultative panels set up by DEFRA.

Biota!

ZSL continued to provide management services to its non-trading subsidiary Biota!, which is a separate registered charity, in respect of Biota!'s involvement in the aquarium being planned for Silvertown Quays in London Docklands.

The scale of this project is large and it is hoped that the aquarium will be competitive on the world stage and, as a result, a major new attraction for London. Most important from ZSL's point of view, it will be a showcase for good science and conservation work in marine and freshwater habitats and demonstrate that aquariums of this scale can be managed on a sustainable basis.

Fish for the exhibits are already being bred and we are propagating coral colonies for installation in the pre-opening phase.

Initial contract negotiations were finalised in early 2007 with the signing of a Conditional Agreement subject to the fulfilment of key conditions, including agreement of specification and costs.

Detailed design began in November 2007 with, subject to the fulfilment of certain conditions including availability of funding, commencement of construction is expected in 2009.

Trustees' report (continued)

Fundraising and financial planning

ZSL has a process in place for the annual review and update of its five year strategic plan and long range capital expenditure plans. As plans for site redevelopment have progressed a strategy has been implemented to provide the fundraising infrastructure for major capital campaigns and on-going sustainable support across all of the Society's mission areas: living collections, conservation programmes and research. The plans are resulting in large amounts of work on each of the zoo sites as well as continuing much needed refurbishment of infrastructure and buildings.

The Development Department brought in £2.87 million of income in 2007, and has seen good growth in the number of separate individuals and organisations contributing to ZSL.

Gifts and grants were achieved from a good mix of trusts, individuals, corporate and statutory sources.

Statutory grants accounted for over £1 million, with the second instalment of £500,000 from the London Development Agency for Gorilla Kingdom and £522,000 from the GLA for the free school visits scheme and outreach.

The Patron scheme has continued to expand with 27 Patrons at the end of 2007. These are individuals contributing a minimum of £2,500 per year. The most significant support from an individual was £600,000 from David Blackburn towards the refurbishment of the tropical birdhouse (the Blackburn Pavilion). The family have pledged a further £0.5million for the project.

Trust funding has continued to grow significantly, with large donations from the Clore Duffield Foundation towards the refurbishment of the Clore Rainforest Lookout, from The Rufford Maurice Laing Foundation for work related to the Red List and global biodiversity indicators, and from the Garfield Weston Foundation for Gorilla Kingdom. It is particularly pleasing that trust income has been secured for 2008 and 2009 through multi year grants. New corporate funding in 2007 included support from the Mitsubishi Corporation for the development of a climate change exhibit in BUGS and support from KPMG for a training event on a specific conservation issue for senior managers and funding for tiger conservation in Sumatra.

An application to the Big Lottery for conservation of mangrove in the Philippines was successful and a £0.48 million grant will support a 4 year programme starting in 2008.

The legacy pack was launched and distributed in 2007 in order to boost legacy giving, and generated over 30 new legacy pledges. Legacy income of £240,000 was received in 2007.

The events programme continued to work well for the development of relationships with current donors and the cultivation of prospects. Two particular highlights were the opening of Gorilla Kingdom by HRH Prince Philip, and the opening of the Clore Rainforest Lookout by Dame Vivien Duffield.

The society gives sincere thanks to all its supporters, Friends, Fellows and volunteers and for those donations from companies, trusts and individuals. Without such support our accomplishments would not have been possible.

Trustees' report (continued)

Financial results

ZSL recorded a consolidated surplus on operations and an overall surplus after minimal losses on the revaluation of investments both, of £3.5 million. These compare with figures of £1.7 million consolidated surplus on operations and £2 million overall surplus achieved in 2006. There was no actuarial gain or loss on the Pension fund (2006 £1.3million gain).

ZSL remains dependent on its two zoos for the bulk of its income. In 2007, London Zoo visitor numbers were 1,108,541, an increase of 225,449 (25.5%) on the previous year. Whipsnade Zoo's visitor numbers were 475,622, an increase of 28,793 (6.4%) on last year. The total number of visitors for the two zoos rose by 254,242 compared to 2006 reflecting the highest numbers for over 15 years.

Income figures benefited from Gift Aid recoveries on day membership which amounted to just over £1.8 million (2006 £1.6 million).

Both the Institute of Zoology and Conservation Programmes maintained their revenues with new grants received in 2007, but these relate to specific projects and, whilst supporting the mission of the Society, they do not add to the overall surplus to fund future development.

Our costs rose compared to 2006, in areas that included: utilities; maintenance; expenditure on staff; depreciation and revenue expenditure on new and existing facilities to improve the effectiveness of ZSL; as well as general wage and inflation rises.

The total capital spend of £7.9 million (2006 £9.8m) included: completion of the new Easter 2007 exhibits, *Gorilla Kingdom* and *Clore Rainforest Lookout* at Regents Park and *In with the Lemurs* at Whipsnade, continued commitment to improving the Society's compliance to the Disability Discrimination Act (1995), its sustainability profile; and significant progress on the exhibits which opened in early 2008, tropical birds in the *Blackburn Pavilion* at London and *Rhinos of Nepal* and *Cheetah Rock* at Whipsnade.

Despite stock market turbulence the value of investments held in ZSL's Pension Fund has improved a little and the fund is still in a satisfactorily positive position. The pension scheme asset of £3.4 million (2006: £3.2 million) will be retained within ZSL's Pension Fund. The ZSL Trustees maintained funding at 12% in 2007 and over the next five years have agreed to take further steps to fund future liability levels. This is monitored by ZSL and the Pension Fund trustees on a regular basis.

Trustees' report (continued)

Funds

ZSL's funds as at 31 December 2007 amounted to £50.2 million (2006 – £46.7 million), including the defined benefit Pension scheme asset of £3.4 million (2006 – £3.2 million). These were represented by buildings and other tangible fixed assets of £32.3 million (2006: £27.3 million) with the balance being represented by cash, investments, stocks, pension scheme assets, debtors less creditors.

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

- meet liabilities as they fall due;
- 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 revenues and capital budgets.

The trustees having considered the level of free reserves (that is those funds not tied up in tangible fixed assets, pension scheme assets and designated and restricted funds) which amounted to £5.4 million at 31 December 2007 (2006 – £7.9 million). The level of free reserves at 31 December 2007 is considered to be sufficient to support the current operations and continue activity in the redevelopment of the zoos, as well as providing adequate funds to meet emergencies.

Investment policies

ZSL holds most of its available funds in bank deposits. In addition, ZSL holds investments of £3.9 million, primarily in the Scientific Fund. All investments are held in a mixture of fixed interest, UK equities and overseas equities, with the intention of providing a balance of income from dividends and capital appreciation. Performance over the last year has been satisfactory with interest earned on bank deposits close to the higher levels of the market for triple A investments and there have been good levels of returns from dividends contributing to our scientific work and improved investment values, continuing the trend from 2006. Losses on investments, which are mainly unrealised, amounted to £8,000 in 2007 (2006 – £0.3 million gain).

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

Risk management

The Trustees review annually the major risks to which ZSL is exposed. The review considers all risks to which ZSL is exposed and how those risks are managed; this includes operational and financial risks together with major external influences and events outside of the control of ZSL, specifically adverse weather conditions and epidemics such as Foot and Mouth Disease and currently Avian Influenza. The Trustees are generally satisfied that proper systems, including risks assessment procedures, health and safety policies and insurances are in place and that policies are in place to recognise and mitigate exposure to other major risks. The procedures established by the Trustees allow for an ongoing assessment of risks and in addition limited internal audit coverage has been put in place.

Trustees' report (continued)

The Financial Statements and Trustees' responsibilities

The Society's financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting by Charities' issued in 2005 and with applicable accounting standards in the United Kingdom.

Charity law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the charity's and the group's financial activities during the year and of its financial position at the end of the year. In preparing the financial statements giving a true and fair view, the trustees have followed best practice and:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis as it is considered appropriate to presume that the charity will continue in operation

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustees' statement as to disclosure of Information to Auditors.

Having made enquiries of fellow trustees and of the Society's Auditors, each of the trustees confirms that:

- To the best of each trustees knowledge and belief, there is no relevant audit information of which the Society's auditors are unaware; and
- Each Trustee has taken all steps a trustee might reasonably be expected to have taken to be aware or relevant audit information and to establish that the Society's auditors are aware of that information.

Trustees' report (continued)

Addresses and advisors

Principal address: Regent's Park
London NW1 4RY

Principal Bankers: Royal Bank of Scotland
London Drummonds Branch
49 Charing Cross
London SW1A 2DX

Also at: Whipsnade Wild Animal Park
Dunstable
Bedfordshire LU6 2LF

Auditors: Ernst & Young LLP
1 More London Place
London SE1 2AF

Lawyers: Hempsons Solicitors
40 Villiers Street
London WC2N 6NJ

Investment Advisers: Newton Investment
Management Limited
160 Queen Victoria Street
London EC4V 4LA

Internal audit: Oakwell BDI
67A Eastwick Drive
Great Bookham
Surrey
KT23 3PU

Approved by Council on 1 May 2008

Signed on behalf of council



Professor Sir Patrick Bateson
President

Independent auditors' report

to the Trustees of The Zoological Society of London

We have audited the financial statements of The Zoological Society of London for the year ended 31 December 2007 which comprise the Group statement of financial activities, the Group balance sheet, the Charity balance sheet, the Group statement of cash flows and related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. 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 auditors' 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 trustees, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities, the charity's trustees are responsible for the preparation of the Annual Report and the financial statements in accordance with applicable law and United Kingdom accounting standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993.

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

Basis of audit opinion

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

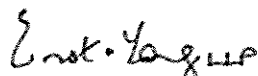
We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report

to the Trustees of The Zoological Society of London

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity and of the group as at 31 December 2007 and of the incoming resources and application of resources of the group for the year then ended and have been properly prepared in accordance with the Charities Act 1993.



Ernst & Young LLP
Registered Auditor
London

2 May 2008.

Group statement of financial activities

for the year ended 31 December 2007

		<i>Unrestricted</i>		<i>Restricted</i>		<i>2007</i>	<i>2006</i>
	<i>Notes</i>	<i>General</i>	<i>Designated</i>	<i>Endowment</i>	<i>Other</i>	<i>Total</i>	<i>Total</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Incoming resources							
Incoming resources from charitable activities:	2						
Animal collections		20,165	63	-	852	21,080	16,539
Science and research		330	-	-	3,840	4,170	4,023
Conservation programmes		79	-	-	939	1,018	940
Incoming resources from generated funds:							
Voluntary income	3	13	90	-	2,672	2,775	3,001
Activities for generating funds:							
Subsidiaries' trading turnover	4	10,009	-	-	-	10,009	5,664
Other					12	12	97
Interest and investment income	5	714	2	37	90	843	822
Pension finance income		200	-	-	-	200	200
Total incoming resources		31,510	155	37	8,405	40,107	31,286
Resources expended							
Charitable activities:							
Animal collections		21,223	-	-	14	21,237	18,156
Science and research		1,150	-	-	3,560	4,710	4,765
Conservation programmes		844	-	-	1,218	2,062	2,124
Cost of generating funds:							
Costs of generating voluntary income		591	-	-	-	591	401
Fundraising trading							
Subsidiaries' cost of goods sold and other costs	4	6,941	-	-	-	6,941	3,249
Other	4	865	-	-	-	865	735
Investment management costs		31	-	-	-	31	9
Governance costs		166	-	-	-	166	128
Total resources expended	6a	31,811	-	-	4,792	36,603	29,567
Net incoming resources before transfers		(301)	155	37	3,613	3,504	1,719
Transfers between funds	15	2,887	-	-	(2,887)	-	-
Net incoming resources before other recognised losses and gains	7	2,586	155	37	726	3,504	1,719
Other recognised (losses)/gains							
(Loss)/Gains on investments	10	67	2	(67)	(10)	(8)	306
Actuarial gain on pension scheme	16	-	-	-	-	-	1,300
Net movement in funds		2,653	157	(30)	716	3,496	3,325
Reconciliation of funds							
Total funds balance brought forward		38,420	3,550	1,250	3,451	46,671	43,346
Total funds balance carried forward		41,073	3,707	1,220	4,167	50,167	46,671

The above results are all in respect of continuing operations.

Balance Sheets

at 31 December 2007

			Group		Charity
		2007	2006	2007	2006
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	9	32,294	27,342	32,294	27,342
Investments	10	3,902	4,007	5,563	5,668
		<u>36,196</u>	<u>31,349</u>	<u>37,857</u>	<u>33,010</u>
Current assets					
Stocks	11	485	380	147	145
Debtors	12	3,492	2,256	3,625	2,461
Cash at bank and in hand		11,365	13,831	10,118	12,961
		<u>15,342</u>	<u>16,467</u>	<u>13,890</u>	<u>15,567</u>
Creditors: amounts falling due within one year	13	(4,697)	(4,268)	(4,982)	(5,005)
Net current assets		<u>10,645</u>	<u>12,199</u>	<u>8,908</u>	<u>10,562</u>
Total assets less current liabilities		<u>46,841</u>	<u>43,548</u>	<u>46,765</u>	<u>43,572</u>
Creditors: amounts falling due after more than one year	14	(74)	(77)	(74)	(77)
Net assets excluding pension scheme asset		<u>46,767</u>	<u>43,471</u>	<u>46,691</u>	<u>43,495</u>
Defined benefit pension scheme asset	16	3,400	3,200	3,400	3,200
Net assets		<u>50,167</u>	<u>46,671</u>	<u>50,091</u>	<u>46,695</u>
Funds					
Unrestricted – General		37,673	35,220	37,697	35,244
– Designated		3,707	3,550	3,707	3,550
Unrestricted funds excluding pension asset		<u>41,380</u>	<u>38,770</u>	<u>41,404</u>	<u>38,794</u>
Unrestricted - Pension reserve		3,400	3,200	3,400	3,200
Total unrestricted funds		<u>44,780</u>	<u>41,970</u>	<u>44,804</u>	<u>41,994</u>
Restricted – Endowments		1,220	1,250	1,220	1,250
– Other		4,167	3,451	4,067	3,451
Total funds	15	<u>50,167</u>	<u>46,671</u>	<u>50,091</u>	<u>46,695</u>

Approved by Council on 1 May 2008



Paul Rutteman, FCA
Treasurer



Professor Sir Patrick Bateson
President

Group statement of cash flows

at 31 December 2007

	Notes	2007 £000	2006 £000
Net cash inflow from operating activities	19a	4,421	5,944
Returns on investments and servicing of finance			
Interest received		697	666
Investment income		157	148
Net cash inflow from returns on investments and servicing of finance		854	814
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(7,850)	(9,769)
Purchase of fixed asset investments		(397)	(807)
Sale of tangible fixed assets		12	14
Sale of fixed asset investments		494	787
Net cash outflow from capital expenditure and financial investment		(7,741)	(9,775)
Decrease in cash		(2,466)	(3,017)

Reconciliation of net cash flow to movement in net cash resources

		2007 £000	2006 £000
Change in net cash resources resulting from cash flows		(2,466)	(3,017)
Net cash resources at 1 January		13,831	16,848
Net cash resources at 31 December	19b	11,365	13,831

Notes to the financial statements

at 31 December 2007

1. Accounting policies

Accounting convention and basis of preparation

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

Consolidation

The financial statements consolidate the results and the assets and liabilities of the Society and its wholly owned subsidiaries Zoo Operations Limited, Zoo Enterprises Limited, Zoo Restaurants Limited, ZSL (Web of Life) Limited and Whipsnade Wild Animal Park Limited as well as the Zoological Society of London Development Trust and Biota! for both of which the Council appoints the Trustees. Zoo Restaurants Limited and ZSL (Web of Life) Limited remained dormant.

Group statement of financial activities

The Group statement of financial activities represents the results of both the charitable and non-charitable activities of the Society. A separate statement of financial activities for the charity alone is not produced as permitted by paragraph 397 of the SORP. The results for the activities carried out by the Society's subsidiaries are set out in note 4 in respect of Catering and Shops and in note 10 in respect of ZSL (Web of Life) Limited.

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 invested in stocks and shares and bank deposits. Designated funds are as follows:
 - Development fund – This fund represents resources set aside to support non-routine Society activities.
 - Library fund – This fund represents resources set aside to support the activities of the Society library.
- (iii) Restricted – Endowment Funds: These funds are derived from bequests to the Society and comprise investments, the income from which, being unrestricted, may be used to support Society activities.
- (iv) Restricted – Other Funds: These funds are as follows:
 - Scientific fund – This fund represents resources for the "advancement of zoology and animal physiology".
 - Other funds – These funds are derived from donations, grants and bequests to be used in accordance with the wishes of the donor.

Notes to the financial statements

at 31 December 2007

1. Accounting policies (continued)

Incoming resources

In accordance with the SORP, all incoming resources, including gift aid on admissions, becoming receivable by the Society during the year are recognised in the statement of financial activities, regardless of their source or of the purpose to which they are to be put or have been put. The one exception to this relates to membership income and similar income which is deferred to the extent that it relates to a service to be provided in the following financial year because it is potentially refundable.

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

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

Resources expended

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

Governance costs include those incurred in the governance of the Society's assets and are primarily associated with constitutional and statutory requirements.

Support costs are those costs incurred in support of expenditure on the objectives of the Society.

VAT

Admissions income is treated as VAT exempt and accordingly, as a partially exempt body, ZSL may not recover all VAT paid, with the exception of VAT incurred in connection with the catering and retail operations which operate through subsidiary companies. Catering and retail income is stated excluding VAT.

Fixed assets and depreciation

Fixed assets acquired by purchase or gift are shown at cost or valuation and are depreciated (with the exception of freehold land and assets under construction which are not depreciated) on a straight line basis at rates appropriate to write off the cost over their expected useful lives. Freehold buildings are depreciated over 5 to 50 years; leasehold buildings from 3 years to the shorter of the lease term, and 50 years; plant and equipment 5 to 15 years; and motor vehicles 5 years.

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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Foreign currencies

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction. Monetary assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. All exchange differences are recognised through the statement of financial activities.

Investments

Listed investments are included in the balance sheet at market value with gains or losses recognised in the statement of financial activities.

Notes to the financial statements

at 31 December 2007

1. Accounting policies (continued)

Stocks

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

Animals

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

Library

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

Advertising costs

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

Pension costs

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

Defined Benefit Scheme

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits in the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the statement of financial activities on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the 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 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 irrevocably committed to the transaction.

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

Actuarial gains and losses are recognised in full in the 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 mid-market price. The value of the net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Notes to the financial statements

at 31 December 2007

1. Accounting policies (continued)

Pension costs (continued)

Defined Contribution Scheme

Contributions to defined contribution schemes are recognised in the Group statement of financial activities in the period in which they become payable.

Leasing commitments

Assets held under finance leases, where substantially all the risks and rewards of ownership of the asset have passed to the Society, are capitalised in the balance sheet and are depreciated over their expected useful lives. Rentals payable under operating leases are charged to the consolidated statement of financial activities on a straight line basis over the lease term.

2. Incoming resources from charitable activities

Incoming resources from charitable activities include grants of £4,345,000 (2006 – £4,191,000) which comprise the following:

	2007	2006
	£000	£000
Higher Education Funding Council for England	2,010	1,959
DEFRA (Darwin Initiative)	510	548
Other grants	1,825	1,684
	<hr/> 4,345	<hr/> 4,191

3. Voluntary income

Voluntary income includes gifts, donations and legacies and donations given on the gate from visitors.

Notes to the financial statements

at 31 December 2007

4. Income from subsidiaries' trading activities

Merchandising and Catering are undertaken by the Society's wholly owned subsidiary companies, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited. Net profits are donated to the Society annually.

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

	2007 £000	2006 £000
Turnover:		
Catering	6,749	2,871
Shops	3,260	2,793
	<u>10,009</u>	<u>5,664</u>
Cost of goods sold	(4,297)	(1,659)
	<u>5,712</u>	<u>4,005</u>
Catering and shops (net)		
Other operating costs	(2,644)	(1,590)
Interest receivable	87	48
	<u>3,155</u>	<u>2,463</u>
Net profit for the year before donation		
Donated to the Society	(3,155)	(2,463)
	<u>-</u>	<u>-</u>
Retained in subsidiary companies		

Catering turnover at London Zoo is generated by Zoo Enterprises Limited. The increase from 2006 reflects the change to self operated catering from 1 January 2007 compared to the previous Contractor operated Catering which generated commission only.

Catering and shops turnover of £10,009,000 (2006 – £5,664,000) is included in the Group statement of financial activities within subsidiaries' trading turnover. Cost of goods sold and other operating costs of £6,941,000 (2006 – £3,249,000) are included within fundraising trading. Interest receivable of £87,000 (2006 – £48,000) is included within interest and investment income.

In addition to cost of goods sold of £4,297,000 (2006 – £1,659,000) above and the other operating costs of £2,644,000 (2006 – £1,590,000) above, there were costs of £865,000 (2006 – £617,000) included under fundraising 'other' costs which was incurred by the Society in connection with merchandising and catering, thereby giving total merchandising and catering costs of £7,806,000 (2006 – £3,866,000).

5. Interest and investment income

	2007 £000	2006 £000
Cash investments	688	664
Listed Investments	155	158
	<u>843</u>	<u>822</u>

Notes to the financial statements

at 31 December 2007

6a. Analysis of total resources expended

	<i>Staff</i>	<i>Other</i>			
	<i>costs</i>	<i>direct</i>	<i>Support</i>	<i>Total</i>	<i>Total</i>
	<i>£000</i>	<i>costs</i>	<i>costs</i>	<i>2007</i>	<i>2006</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Charitable activities					
Animal collections	9,233	9,917	2,087	21,237	18,156
Science and research	2,234	1,886	590	4,710	4,765
Conservation programmes	762	1,031	269	2,062	2,124
Total for Charity and Group	12,229	12,834	2,946	28,009	25,045
Costs of generating funds					
Costs of generating voluntary income	321	181	89	591	401
Fundraising trading	64	262	539	865	735
Investment management costs	-	31	-	31	9
Total for Charity	385	474	628	1,487	1,145
Subsidiaries' cost of goods sold and other costs	2,116	4,825	-	6,941	3,249
Total for Group	2,501	5,299	628	8,428	4,394
Governance costs	-	150	16	166	128
Total resources expended for Charity	12,614	13,458	3,590	29,662	26,318
Total resources expended for Group	14,730	18,283	3,590	36,603	29,567

Notes to the financial statements

at 31 December 2007

6b. Analysis of support costs

	2007 £000	2006 £000
Staff costs	1,862	1,791
Other costs	1,728	1,252
	<u>3,590</u>	<u>3,043</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 PC's and electronic tills

Press Office: on time apportionment

Central Management services: on total expenditure by activity.

7. Net incoming resources before other recognised losses and gains

	2007 £000	2006 £000
Net incoming resources before other recognised losses and gains is stated after charging/(crediting) the following items:		
Auditors' remuneration – audit services	75	73
– non audit services	21	38
Depreciation of fixed assets	2,803	2,540
Loss/(Profit) on disposal of tangible fixed assets	83	(5)
Operating lease rentals in respect of plant and equipment and motor vehicles	136	126
Trustees' expenses	<u>10</u>	<u>7</u>

Trustees' expenses consist mainly of the reimbursement of travel expenses. In the current year these expenses relate to 10 (2006 – 11) trustees who served as council members during the year. Trustees receive no remuneration for their services.

There are no other reportable transactions with related parties.

The auditors' remuneration for non audit services relates to fees in connection with general VAT advice.

Notes to the financial statements

at 31 December 2007

8. Staff costs

	2007 £000	2006 £000
Salaries and wages	14,044	12,149
Social security costs	1,319	1,157
Pension cost – ZSL 1988 Pension Scheme	1,000	900
Pension cost – Other Schemes	229	226
	<u>16,592</u>	<u>14,432</u>

In addition the cost of temporary staff in the year was £251,000 (2006 – £111,000).

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

	2007 No.	2006 No.
Animal collections	354	320
Science and research	58	61
Conservation programmes	29	27
Cost of generating funds – voluntary income	9	8
Cost of generating funds – voluntary trading	76	66
Support costs	50	50
	<u>576</u>	<u>532</u>

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

Band	2007 No.	2006 No.
£ 60,001 – £70,000	1	1
£ 70,001 – £80,000	1	3
£ 80,001 – £90,000	1	-
£120,001 – £130,000	-	1
£130,001 – £140,000	1	-

Retirement benefits are accruing under defined benefit schemes for 4 (2006 – 5) higher paid employees. In addition, contributions of £23,000 (2006 – £24,000) in respect of defined contribution schemes were incurred for 4 (2006 – 5) higher paid employees.

Notes to the financial statements

at 31 December 2007

9. Tangible fixed assets

Group and Charity

	<i>Freehold land and buildings £000</i>	<i>Buildings on leased land £000</i>	<i>Assets under construction £000</i>	<i>Plant and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:						
At 31 December 2006	11,267	24,165	6,759	6,736	531	49,458
Purchased during the year	526	793	5,835	493	203	7,850
Transfer of Assets under Construction	-	8,373	(8,373)	-	-	-
Disposals	(106)	(214)	-	(653)	(95)	(1,068)
At 31 December 2007	11,687	33,117	4,221	6,576	639	56,240
Depreciation:						
At 31 December 2006	5,602	11,032	-	4,981	501	22,116
Provided during the year	613	1,596	-	530	64	2,803
Disposals	(16)	(214)	-	(653)	(90)	(973)
At 31 December 2007	6,199	12,414	-	4,858	475	23,946
Net book value:						
At 31 December 2007	5,488	20,703	4,221	1,718	164	32,294
At 31 December 2006	5,665	13,133	6,759	1,755	30	27,342

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

Notes to the financial statements

at 31 December 2007

10. Investments

	<i>Value at 31 December 2006 £000</i>	<i>Additions at cost £000</i>	<i>Proceeds on disposals £000</i>	<i>Net gains/(losses)</i>		<i>Value at 31 December 2007 £000</i>
				<i>Realised £000</i>	<i>Unrealised £000</i>	
<i>Group</i>						
Listed investments: at market value						
– Fixed interest (UK)	851	83	(56)	(1)	(45)	832
– Fixed interest (Overseas)	95	-	-	-	(1)	94
– Other (UK)	3,055	305	(425)	33	5	2,973
– Other (Overseas)	6	9	(13)	-	1	3
	<u>4,007</u>	<u>397</u>	<u>(494)</u>	<u>32</u>	<u>(40)</u>	<u>3,902</u>
<i>Charity</i>						
Unlisted investments: at net asset value						
– Investment in Zoo Operations Limited	1,661	-	-	-	-	1,661
	<u>5,668</u>	<u>397</u>	<u>(494)</u>	<u>32</u>	<u>(40)</u>	<u>5,563</u>
Listed investments historical cost	<u>2,845</u>					<u>2,780</u>

The unlisted investment in the wholly owned subsidiary, Zoo Operations Limited is carried in the Charity financial statements at its net asset value. The two trading subsidiaries, Zoo Enterprises Limited and Whipsnade Wild Animal Park Limited, are both subsidiaries of Zoo Operations Limited. The unlisted investment in the wholly owned subsidiary, ZSL (Web of Life) Limited is carried at nil value as it had a net liability position at 31 December 2007 of £24,406 (2006 – £24,406) and it did not trade during the year.

The results of the individual subsidiaries are as follows:

	<i>Assets 2007 £000</i>	<i>Liabilities 2007 £000</i>	<i>Funds 2007 £000</i>	<i>Assets 2006 £000</i>	<i>Liabilities 2006 £000</i>	<i>Funds 2006 £000</i>
Biota	100	-	100	-	-	-
Zoo Enterprises Limited	1,471	(1,369)	102	1,050	(948)	102
Whipsnade Wild Animal Park Limited	693	(336)	357	539	(182)	357
	<u>2,264</u>	<u>(1,705)</u>	<u>559</u>	<u>1,589</u>	<u>(1,130)</u>	<u>459</u>

Notes to the financial statements

at 31 December 2007

11. Stocks

	<i>2007</i>	<i>Group</i>	<i>2007</i>	<i>Charity</i>
	<i>£000</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Raw materials	146	144	146	144
Finished goods and goods for resale	339	236	1	1
	<u>485</u>	<u>380</u>	<u>147</u>	<u>145</u>

12. Debtors

	<i>2007</i>	<i>Group</i>	<i>2007</i>	<i>Charity</i>
	<i>£000</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	695	725	295	505
Amounts owed by group companies	-	-	557	494
Other debtors	144	163	144	161
Accrued interest and investment income	77	88	77	88
Prepayments and accrued income	2,576	1,280	2,552	1,213
	<u>3,492</u>	<u>2,256</u>	<u>3,625</u>	<u>2,461</u>

13. Creditors: amounts falling due within one year

	<i>2007</i>	<i>Group</i>	<i>2007</i>	<i>Charity</i>
	<i>£000</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	1,722	1,359	1,266	1,051
Amounts owed to group companies	-	-	1,303	1,243
Taxation and social security	723	1,098	446	936
Accruals and deferred income	2,069	1,668	1,792	1,641
Other creditors	183	143	175	134
	<u>4,697</u>	<u>4,268</u>	<u>4,982</u>	<u>5,005</u>

Notes to the financial statements

at 31 December 2007

13. Creditors: amounts falling due within one year (continued)

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

	2007	Group	2007	Charity
	£000	2006	£000	2006
		£000		£000
Deferred income at 1 January	734	736	734	736
Amounts released from previous years	(734)	(736)	(734)	(736)
Incoming resources deferred	765	734	765	734
Deferred income at 31 December	765	734	765	734

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

	2007	Group	2007	Charity
	£000	2006	£000	2006
		£000		£000
Accruals of retention fees in respect of fixed asset additions	74	77	74	77

Notes to the financial statements

at 31 December 2007

15. Funds

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

(a) Movement of funds for the year – Group

	<i>Balance at 31 December 2006 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers £000</i>	<i>Gains & losses 31 December 2007 £000</i>	<i>Balance at 31 December 2007 £000</i>
<i>Unrestricted funds</i>						
General fund	38,420	31,510	(31,811)	2,887	67	41,073
Designated funds:						
Development fund	3,112	154	-	-	2	3,268
Library fund	438	1	-	-	-	439
	3,550	155	-	-	2	3,707
<i>Restricted funds</i>						
Endowment funds:						
De Arroyave fund	1,179	35	-	-	(76)	1,138
Fantham bequest	67	2	-	-	9	78
Davis fund	4	-	-	-	-	4
	1,250	37	-	-	(67)	1,220
Other funds:						
Scientific fund	2,157	10	(19)	-	(10)	2,138
Other	1,294	8,395	(4,773)	(2,887)	-	2,029
	3,451	8,405	(4,792)	(2,887)	(10)	4,167
Total funds	46,671	40,107	(36,603)	-	(8)	50,167

Notes to the financial statements

at 31 December 2007

15. Funds (continued)

(b) Movement of funds for the year – Charity

	<i>Balance at 31 December 2006 £000</i>	<i>Incoming resources £000</i>	<i>Resources expended £000</i>	<i>Transfers £000</i>	<i>Gains & losses £000</i>	<i>Balance at 31 December 2007 £000</i>
<i>Unrestricted funds</i>						
General fund	38,444	24,569	(24,870)	2,887	67	41,097
Designated funds:						
Development fund	3,112	154	-	-	2	3,268
Library fund	438	1	-	-	-	439
	3,550	155	-	-	2	3,707
<i>Restricted funds</i>						
Endowment funds:						
De Arroyave Fund	1,179	35	-	-	(76)	1,138
Fantham Bequest	67	2	-	-	9	78
Davis Fund	4	-	-	-	-	4
	1,250	37	-	-	(67)	1,220
Other funds:						
Scientific fund	2,157	10	(19)	-	(10)	2,138
Other	1,294	8,395	(4,873)	(2,887)	-	1,929
	3,451	8,405	(4,892)	(2,887)	(10)	4,067
Total funds	46,695	33,166	(29,762)	-	(8)	50,091

Incoming resources of the charity amounted to £33,166,000 (2006 – £28,037,000) and its net movement in funds amounted to £3,396,000 (2006 – £3,325,000).

Fund transfers of £2,887,000 were made from restricted to unrestricted funds which comprises the cost of acquiring certain tangible fixed assets purchased in accordance with the restrictions upon which the Society may use such restricted funds.

The De Arroyave fund, the Fantham bequest fund and the Davis fund are to provide income for general support of the Society's activities.

Notes to the financial statements

at 31 December 2007

15. Funds (continued)

(c) Analysis of Group net assets between funds:

	<i>Tangible</i>			<i>Pension</i>	<i>Other</i>		
	<i>assets</i>	<i>Investments</i>	<i>Cash</i>	<i>Scheme</i>	<i>current</i>	<i>Creditors</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>net assets</i>	<i>assets</i>	<i>£000</i>	<i>£000</i>
Unrestricted funds	32,294	1,178	9,752	3,400	2,785	(4,629)	44,780
Restricted funds							
– Endowment	-	769	451	-	-	-	1,220
– Other	-	1,955	1,162	-	1,192	(142)	4,167
Total group net assets	32,294	3,902	11,365	3,400	3,977	(4,771)	50,167

16. Pension schemes

The Society participates in three Pension Schemes and employees join the appropriate scheme, depending on their employment terms. The total cost to the Society for the year ended 31 December 2007 in respect of pension contributions was £1,229,000 (31 December 2006 – £1,126,000).

The two defined benefit pension schemes are the Zoological Society 1988 Pension Scheme (ZSL 1988) which is the Society's own self-administered occupational pension scheme and the Universities Superannuation Scheme (USS) which covers employees of all UK universities. Since the USS actuaries do not provide employer specific information, the exemption in paragraph 9b of FRS17 has been taken and the USS effectively accounted for as a defined contribution scheme. The ZSL 1988 and USS are valued every three years by professionally qualified independent actuaries and payments to the schemes are made based on actuarial advice.

Details of the ZSL 1988 and USS at the last actuarial valuation date are:

	<i>ZSL 1988</i>	<i>USS</i>
Contracted out of State Earnings		
Related Pension Scheme	No	Yes
Actuarial valuation method	Attained age	Projected unit
Latest completed actuarial valuation	30 June 2005	31 March 2005
Actuarial assumptions		
– investment return	4.2%/6.7%	4.5%
– salary increases	4.25%	3.9%*
– increase in pensions	3.0%	2.9%
Market value of scheme's assets	£18.4 million	£21,740 million
Actuarial cover **	141%	77%

Notes to the financial statements

at 31 December 2007

16. Pension schemes (continued)

* Plus an additional allowance for increases in salaries due to age and promotion and a further amount of £800 million of liabilities to reflect this recent experience.

**The actuarial cover represents the relationship of the market valuation of the scheme assets to the value of the benefits that had accrued to members at the valuation date, after allowing for the effect of the future increases in their earnings.

Universities Superannuation Scheme (USS)

In respect of USS at the valuation date, the value of assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at the valuation date and under the Pension Protection Fund regulations introduced by the pensions Act 2004 it was 110% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%. ZSL and the Trustees intends to leave this economic benefit within the scheme to guard against future increased liabilities.

Since 31 March 2005 the financial security of the scheme has improved and the actuary has estimated that the funding level has increased from 77% at 31 March 2005 to 91% at 31 March 2007. This improvement in the scheme's financial security is due primarily to the investment return on the scheme's assets since 31 March 2005 being higher than allowed for in the funding assumptions. On the FRS17 basis, the actuary estimated that the funding level at 31 March 2007 was above 109% and on a buy-out basis was approximately 84%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the ZSL's contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on ZSL's future contribution commitment. 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 next formal triennial actuarial valuation is due at 31 March 2008. The contribution rate will be reviewed as part of each valuation. The total USS pension cost to the Society for the year ended 31 December 2007 was £175,000 (2006 – £189,000). The contribution rate payable by the Society was 14% of pensionable salaries.

Notes to the financial statements

at 31 December 2007

16. Pension schemes (continued)

Pension Disclosure under FRS17 - ZSL 1988 scheme

A full actuarial valuation of the ZSL 1988 scheme was carried out at 30 June 2005 and updated using the projected unit method to 31 December 2007 and 31 December 2006 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms) as follows:

	31 December 2007	31 December 2006	31 December 2005
	%	%	%
Rate of price inflation	3.40	3.00	2.80
Rate of salary increase	4.90	4.50	4.30
Rate of increase in pensions in payment	3.40	3.00	3.00
Rate used to discount scheme liabilities	5.50	5.00	4.75
Rate of increase of pensions in deferment	3.40	3.00	2.80

On the advice of the actuary, the level of funding for ZSL 1988 was maintained at 12% of pensionable pay from 1 January 2007 which takes into account the actuarial cover.

The assets in the scheme and the expected rate of return (net of expenses) were:

	2007		2006		2005	
	Expected long term rate of return %	Market value £000	Expected long term rate of return %	Market value £000	Expected long term rate of return %	Market value £000
Equities	6.40	15,600	6.10	15,600	5.70	14,200
Bonds	4.00	6,300	3.90	5,500	3.50	5,100
Property	5.90	600	6.10	1,000	5.70	900
Cash	4.60	900	4.10	200	3.60	200
Total market value of assets		23,400		22,300		20,400
Actuarial value of liability		(20,000)		(19,100)		(18,700)
Total surplus in the scheme		3,400		3,200		1,700
Recoverable surplus in the scheme		3,400		3,200		1,700
Net pension asset		3,400		3,200		1,700

Notes to the financial statements

at 31 December 2007

16. Pension schemes (continued)

Pension Disclosure under FRS17 - ZSL 1988 scheme (continued)

Analysis of amount recognised in the Group Statement of Financial Activities

	2007 £000	2006 £000
Service cost	1,000	900
Total operating charge (included in resources expended)	1,000	900
Expected return on pension scheme assets	1,200	1,100
Interest on pension scheme liabilities	(1,000)	(900)
Net return	200	200
Other finance income (included in incoming resources)	200	200

Analysis of amount recognised in the Group Statement of Financial Activities

	2007 £000	2006 £000
Actual return less expected return on assets	(500)	700
Experience gains and (losses) on liabilities	-	(100)
Changes in assumptions	500	700

	-	1,300
Actuarial gain recognised	-	1,300

Movement in balance sheet surplus during the year

	2007 £000	2006 £000
Surplus in scheme at beginning of year	3,200	1,700
Movement in year:		
Current service cost	(1,000)	(900)
Contributions	1,000	900
Other finance income	200	200
Actuarial gain	-	1,300
Surplus in scheme at end of year	3,400	3,200

Notes to the financial statements

at 31 December 2007

16. Pension schemes (continued)

Pension Disclosure under FRS17 - ZSL 1988 Scheme (continued)

The actuarial valuation at 31 December 2007 showed an increase in surplus from £3,200,000 to £3,400,000. There were no improvements in benefits. Contributions paid for the year were £1,000,000 (12% of Pensionable Salaries).

History of experience gains and losses

	<i>Financial year ending in</i>			
	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
Difference between expected and actual return on scheme assets:				
amount (£000s)	(500)	700	2,100	400
percentage of scheme assets	(2)%	3%	10%	2%
Experience gains and losses on scheme liabilities:				
amount (£000s)	-	(100)	800	-
percentage of scheme assets	0%	(1)%	4%	0%
Total amount recognised in statement of financial activities				
amount (£000s)	-	1,300	300	100
percentage of scheme liabilities	0%	7%	2%	1%

17. Leasing commitments

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Leases expiring:		
Within one year	2	9
Within two to five years	134	22
After five years	-	96
	<u>136</u>	<u>127</u>

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

18. Capital commitments

The Society leases the Regent's Park site from the Department of Culture, Media and Sport. The lease was renewed in 1999 for a term of 56 years. 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 £31 million, 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 £21 million. Further work is budgeted for in 2008. Capital expenditure of £1.9m had been contracted for but not provided at 31 December 2007.

Notes to the financial statements

at 31 December 2007

19. Notes to the statement of cash flows

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

	2007 £000	2006 £000
Net incoming resources before other recognised losses and gains	3,504	1,719
Legacy income	-	2,300
Pension finance income	(200)	(200)
Interest and investment income	(843)	(822)
Depreciation of fixed assets	2,803	2,540
Loss/(Profit) on disposal of tangible fixed assets	83	(5)
Increase in stocks	(105)	(16)
Increase in debtors	(1,247)	(477)
Increase in creditors	426	905
Net cash inflow from operating activities	4,421	5,944

(b) Analysis of net cash resources

	1 January 2007 £000	Cash flow 2007 £000	31 December 2007 £000
Cash at bank and in hand	13,831	(2,466)	11,365
	13,831	(2,466)	11,365