

Financial review and results for the year

The consolidated statement of financial activities (SOFA) for the year is set out on page 46

Income at Bristol Zoo Gardens rose by only 1% from the previous year. The total attendance (including Annual Member visits) fell 5% from 567,000 to 541,000. The number of paying day visitors fell 4%, from 406,000 in 2006 to 389,000. This was mainly as a result of the extremely wet summer which hit attendances badly. Visitor numbers in the early part of the year were very good, boosted by the new Monkey Jungle exhibit which had opened in July 2006. Attendances were also good towards the end of the year, but the late spurt was insufficient to make up for the drop in the summer. Annual membership income rose by 5% from £752,000 to £797,000 including associated Gift Aid, on the basis of a small rise in numbers.

The income of the Bristol Conservation and Science Foundation fell from £166,000 to £105,000 as fewer grants were received.

The Society took over responsibility for the finances of the Bristol Natural History Consortium from 1st January 2007, and £231,000 of income was received relating to this in the year.

Voluntary income rose substantially from £416,000 to £1,839,000. This comprised mainly an increase from £101,000 to £977,000 in the contribution from the South West Regional Development Agency towards the National Wildlife Conservation Park project expenditure in the year and a further private donation of £400,000 plus associated Gift Aid.

Incoming resources from activities for generating income rose only slightly from 2006, for similar reasons to the direct Bristol Zoo Gardens visitor income reported above. Income from the commercial operations at Bristol Zoo Gardens (including retail, catering and conference and banqueting) is channelled through Bristol Zoo Enterprises Limited, the wholly-owned trading subsidiary, and gift aided to the Society. The performance of the subsidiary company in the year was satisfactory in the light of reduced visitor numbers at Bristol Zoo Gardens.

The item of 'Other Income' in 2006 was a one-off receipt and there is no corresponding income under this heading in 2007.

The reduction in "Fundraising trading: including cost of goods sold and other associated costs" from £1,781,000 in 2006 to £1,650,000 in 2007 is explained largely by a reduction in marketing expenditure at Bristol Zoo Gardens in the year.

The operating costs of Bristol Zoo Gardens increased by 7% in the year. Apart from an inflation-linked pay rise for staff, the other main areas of higher expenditure were:

- an increase in depreciation as a full year was provided on Monkey Jungle, compared with a half-year in 2006;
- an increase in the number and quality of shows and presentations in the Zoo, with more staff engaged in this activity;
- the inclusion of a full year's salary for the Head of Commercial Operations, a new post created in December 2006;
- the cost of putting on 'Act Wild' shows in the summer;
- the cost of the preparation for applying for ISO 14001 accreditation, together with commissioning an analysis of the Society's carbon footprint.

The Bristol Natural History Consortium appears as a new heading in 2007, with expenditure totalling £239,000 in the year.

The actuarial gain on the defined benefit pension scheme rose substantially in the year, mainly as a result of an increase in the yield on bonds which is used to value the scheme's liabilities. There was also an increase in the market value of the scheme's assets.

Fixed assets have increased by £1,565,000 in the year, largely as a result of the capitalisation of NWCP project development expenditure.

Debtors have increased by £581,000 mainly because of the inclusion of a SWRDA grant for NWCP, which is payable in arrears.

Creditors falling due within one year rose by £429,000 compared with 2006. This was a combination of an increase in the overdraft of £303,000 together with an increase in trade creditors of £123,000 relating mainly to consultants' and architects' fees for the NWCP project. Creditors falling due after more than

one year increased by £437,000 owing to draw downs on The Bank of Ireland loan for NWCP.

Irrecoverable VAT continues to be an issue for the Society. HM Revenue & Customs ruled that all input VAT on animal-related expenditure is irrecoverable as it is linked directly to exempt admission income. A case involving another zoo is scheduled to go before the High Court in May 2008. If the decision is in favour of the taxpayer, the Society is likely to receive a substantial refund of VAT. No provision has been made for this in the accounts.

Investment powers, policy and performance

Investment powers are governed by the Memorandum and Articles of the Company, which permit the funds to be invested in the manner shown in note 10 to the financial statements. The Trustees intend that the real value of the Society's investments be maintained and enhanced over the long term by investment in a portfolio comprising equities, fixed income stocks and cash. In order to meet these objectives the Trustees have appointed an investment adviser as their agent to manage a diversified portfolio of suitable investments on a discretionary basis. The brief to the adviser states that they should select a balanced investment return from income and capital, with medium risk. The proportions invested in equities, fixed income stocks and cash are reviewed with the investment adviser from time to time to provide guidance on the ongoing suitability of that element of investment policy. The performance of the investments has been satisfactory, in line with the general trend in world markets.

Asset cover for funds

Note 18 to the financial statements sets out an analysis of the assets attributable to the various funds. These assets are sufficient to meet with Society's obligations in respect of each individual fund.

Fixed assets

The movements in fixed assets during the year are set out in notes 9 and 10 to the financial statements. The freehold land and buildings were revalued at 31st December 2003 and the Trustees are not aware of any material changes since the last valuation.

Grant giving

The Trustees have approved a policy of setting aside a proportion of the Society's unrestricted funds each year to provide for grants to support *in-situ* conservation projects.

Executives bring forward recommendations for projects to support. These recommendations are subject to Trustee approval. In 2007 the sum of £58,000 (2006: £50,000) was set aside during the year. In addition, grants are made to conservation organisations from the proceeds of specific fundraising exercises.

Reserves

The Society's policy on restricted funds is to record donations, grants and other sources of fundraising separately where restrictions are imposed that are narrower than the Society's overall objectives. Most of these incoming resources have been utilised in the year for their intended purpose.

The Trustees have a policy of designating unrestricted funds for specific purposes. The designated funds are:

1. The fixed asset reserve: Clifton site of £23,728,000 which equates to the net book value of the Group's tangible fixed assets situated at the Zoological Gardens in Clifton.
2. The fixed asset reserve: Hollywood Tower Estate of £3,200,000 which equates to the net book value of the Group's land and buildings situated at that location.
3. The Bristol Conservation and Science Foundation reserve of £1,000,000 to support the Society's conservation, education and research projects.

The Trustees have established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets or designated for specific purposes ("the free reserves") held by the Society should be around six months of the resources expended, which equates to £3.5m in general funds. At this level, the Trustees feel that they would be able to continue the current activities of the Society in the event of a significant drop in income, although it would be necessary to consider how the income would be replaced or activities changed. At present the free reserves amount to £1.3m. The Foundation designated reserve of £1.0m would also be available in an emergency, thus the total available would be £2.3m. The free reserves therefore require building up to reach the target level. A medium-term financial strategy is being developed to achieve this objective.

The reserves policy is reviewed annually.

Approved by the Board of Trustees
Martin Davies Jones, Chairman

31st March 2008

Independent auditors' report to the members of Bristol, Clifton & West of England Zoological Society Limited

We have audited the group and parent charity financial statements ("the financial statements") of Bristol, Clifton & West of England Zoological Society Limited for the year ended 31st December 2007 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Trustees and auditors

The responsibilities of the Trustees (who are also the directors of Bristol, Clifton & West of England Zoological Society Limited for the purpose of Company Law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Trustees is consistent with the financial statements. The information given in the Report of the Trustees includes that specific information presented in the Chair of Trustees' foreword, the Director's Report and the Summary of Objectives that is cross referenced from the Business Review section of the Report of the Trustees.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Trustees, the Chair of Trustees' foreword, the Director's Report and the Summary of Objectives. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charitable company's affairs as at 31st December 2007 and of the group's incoming resources and application of resources, including the group's income and expenditure, and cash flows, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Trustees is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and
Registered Auditors
Bristol,

2nd April 2008

Consolidated statement of financial activities

(including the income and expenditure account) for the year ended 31st December 2007

Continuing operations

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2007 £'000	Total 2006 £'000
Incoming resources					
Incoming resources from charitable activities					
Bristol Zoo Gardens	2a	4,580	-	4,580	4,543
Bristol Conservation & Science Foundation	2b	5	100	105	166
Bristol Natural History Consortium	2c	2	229	231	-
Incoming resources from generated funds					
Voluntary income		37	1,802	1,839	416
Activities for generating income		1,784	-	1,784	1,735
Investment income	3	133	-	133	126
Other income				-	44
Total incoming resources		6,541	2,131	8,672	7,030
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		212	8	220	184
Fundraising trading: costs of goods sold		1,650	-	1,650	1,781
Investment management costs		14	-	14	13
Total costs of generating funds		1,876	8	1,884	1,978
Charitable activities					
Bristol Zoo Gardens		4,754	216	4,970	4,644
Bristol Conservation & Science Foundation		227	56	283	297
Bristol Natural History Consortium		34	205	239	-
National Wildlife Conservation Park		9	33	42	88
Governance costs		116		116	79
Total resources expended	5	7,016	518	7,534	7,086
Net incoming/(outgoing) resources before transfers	6	(475)	1,613	1,138	(56)
Gross transfers between funds		-	-	-	-
Net income/(expenditure) for the year before recognised gains and losses		(475)	1,613	1,138	(56)
Actuarial gains/(losses) on defined benefit pension scheme	19	504	-	504	49
Gains on revaluation and disposal of investments		(35)	-	(35)	181
Net movement in funds		(6)	1,613	1,607	174
Total funds brought forward		29,266	219	29,485	29,311
Total funds carried forward	16,17	29,260	1,832	31,092	29,485

All gains and losses recognised in the year are included in the statement of financial activities. There is no material difference between the net (expenditure)/income for the period as stated above and their historical cost equivalents.

The notes on pages 48 to 63 form part of the financial statements.

Balance sheets

at 31st December 2007

	Notes	Group		Society	
		2007 £'000	2006 £'000	2007 £'000	2006 £'000
Fixed assets					
Tangible assets	9	29,864	28,299	23,728	23,747
Investments	10	3,666	3,713	3,666	3,713
Investment in subsidiaries	4	-	-	-	-
Animals		1	1	1	1
		33,531	32,013	27,395	27,461
Current assets					
Stocks	11	115	122	26	39
Debtors due in more than one year	12	-	-	63	130
Debtors due in less than one year	12	1,190	609	696	1,333
Cash at bank and in hand		78	162	51	23
		1,383	893	836	1,525
Creditors: amounts falling due within one year	13	(2,137)	(1,708)	(1,977)	(1,712)
Net current liabilities		(754)	(815)	(1,141)	(187)
Total assets less current liabilities		32,777	31,198	26,254	27,274
Creditors: amounts falling due after one year	14	(1,287)	(850)	(62)	(128)
Net assets before pension deficit		31,490	30,348	26,192	27,146
Pension deficit	19	(398)	(863)	(398)	(863)
Net assets after pension deficit		31,092	29,485	25,794	26,283
Capital and reserves:					
Called up share capital	15	-	-	-	-
Unrestricted funds					
Foundation Reserve	16	1,000	1,000	1,000	1,000
Fixed asset reserve: Hollywood Tower Estate	16	3,200	3,233	-	-
Fixed asset reserve: Clifton site	16	23,728	23,747	23,728	23,747
Other unrestricted funds	16	1,730	2,149	1,205	2,297
Total unrestricted funds before pension deficit		29,658	30,129	25,933	27,044
Pension deficit	19	(398)	(863)	(398)	(863)
Total unrestricted funds after pension deficit		29,260	29,266	25,535	26,181
Restricted funds	17	1,832	219	259	102
Total funds (including a revaluation reserve of £351,000 (2006: £410,000))	18	31,092	29,485	25,794	26,283

The accounts on pages 46 to 63 were approved by the Trustees on 31 March 2008.

Martin Davies Jones)
Charlotte Moar) Trustees

The notes on pages 48 to 63 form part of the financial statements

Consolidated cash flow statement

for the year ended 31st December 2007

	Notes	2007		2006	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	20		1,506		644
Returns on investments and servicing of finance					
Interest received		37		40	
Dividends received		96		86	
Interest payable		(46)		(55)	
			87		71
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(2,429)		(2,306)	
Purchase of fixed asset investments		(601)		(817)	
Sale of investments		791		1,211	
			(2,239)		(1,912)
Decrease in cash in the year	21		(646)		(1,197)

Notes to the financial statements

for the year ended 31st December 2007

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005 and the Companies Act 1985. A summary of the principal group accounting policies is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of investments and certain fixed assets. The Society has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the Society's activities.

Basis of consolidation

The consolidated statement of financial activities, the consolidated balance sheet and the consolidated cash flow statement include the financial statements of the Society and its subsidiary undertakings made up to

31st December 2007, using the acquisition method of accounting. Intra group transactions and profits are eliminated fully on consolidation. The amount of the surplus for the year dealt with in the Society's financial statements is a deficit of (£489,000). This deficit arises as a result of the gift of £700,000 to the Society's subsidiary company, National Wildlife Conservation Park.

Voluntary income

Donations and legacies are credited to revenue on a receivable basis. Legacies are accounted for on receipt of correspondence from the personal representative indicating that payment of the legacy will be made. Gifts in kind are valued at a reasonable estimate of their value to the society.

Visitor related income

Visitor related income represents cash and invoiced amounts of admission charges, goods sold and services provided, stated net of Value Added Tax, together with Gift Aid income, where applicable.

Annual and corporate membership income

Annual and corporate membership income is credited in the statement of financial activities on a time basis.

Where annual membership commences in mid-year then an amount relating to the subsequent period is deferred within creditors as accruals and deferred income.

Grants receivable

Grants receivable are credited to the statement of financial activities in the year in which they are receivable.

Rental income

Income from rented properties is recognised in the period in which the rent is due.

Tangible fixed assets

Certain tangible fixed assets were acquired from the Bristol, Clifton & West of England Zoological Society on 1st April 2005. The cost or valuation, as appropriate, together with accumulated depreciation has been brought into the incorporated Society's Balance Sheet at its net book value. All assets purchased subsequent to that date, including those under the course of construction, are included at their purchase price together with any incidental expenses of acquisition. Assets with a cost below £2,500 are not capitalised. Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Animal houses	2.5-4
Other buildings	1-2
Plant and machinery	10-20
Motor vehicles	25

Assets in the course of construction are not depreciated until they are brought into use.

Investments

Investments in subsidiary undertakings are stated at cost, but are written down to their realisable value if it is considered that there has been a permanent diminution in their value.

Investments in government securities and listed companies have been valued at market value in the accounts at 31st December 2007. Realised and unrealised gains and losses are combined in the statement of financial activities.

Income from investments is included in the year in which it is received.

Animals

These assets, which are not capable of realistic valuation, are shown at a nominal value and not depreciated.

Stocks

Stocks are stated at the lower of cost and net realisable value on a basis consistent with that used in previous years.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Overheads have been allocated on a reasonable basis between cost categories.

Costs of generating funds

Costs of generating funds relate to the costs of running and supporting the Society's trading activities and other fundraising projects.

Costs of charitable activities

Charitable activities include the operation of Bristol Zoo Gardens, the Bristol Conservation and Science Foundation, and certain costs not capitalised relating to the development of The National Wildlife Conservation Park, and include both the direct costs and support costs of these activities.

Grants payable

Grants payable are accounted for in full as liabilities of the Society when approved by the trustees and accepted by the beneficiaries.

Support costs

Support costs comprise the direct costs, including staff, attributable to charitable activities and an appropriate apportionment of indirect costs.

Governance costs

Governance costs include expenditure on administration of the charity and compliance with constitutional and statutory requirements, and an appropriate apportionment of indirect costs.

Pension costs

The Society operates a voluntary pension scheme for a number of permanent employees and provides benefits based on final pensionable pay. The assets of the scheme are held in trustee administered funds completely independent of the Society's finances. Contributions to the Scheme are charged to the statement of financial activities so as to spread the cost of pensions over the employees' working lives with the Society.

The Society makes contributions to defined contribution pension schemes on behalf of certain staff members. The cost of these contributions is charged in the accounts as incurred.

Notes to the financial statements (continued)

for the year ended 31st December 2007

Operating leases

Income from, and costs relating to, operating leases are accounted for over the life of the lease.

Irrecoverable VAT

Irrecoverable VAT attributable to capital expenditure is capitalised as an addition to the asset in question. Irrecoverable VAT on revenue expenditure is allocated under the appropriate expenditure headings in the Statement of Financial Activities.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements. Investment income and gains are allocated to the appropriate fund.

Incoming resources from charitable activities

2 a) Bristol Zoo Gardens

	2007	2006
	£'000	£'000
Gate receipts	3,629	3,625
Membership income	797	752
Other	154	166
	4,580	4,543

Income from Gift Aid is included in the above categories.

2 b) Bristol Conservation and Science Foundation

	2007	2006
	£'000	£'000
Grants received	102	163
Other	3	3
	105	166

2 c) Bristol Natural History Consortium

	2007	2006
	£'000	£'000
Contributions from members, including previous years' unexpended funds	67	-
Grants and sponsorship	162	-
Other	2	-
	231	-

3 Investment income

	2007 £'000	2006 £'000
Dividends	96	86
Interest on government securities	36	39
Bank and building society interest	1	1
	133	126

4 Subsidiary companies

The Society owns 100% of the share capital of Bristol Zoo Enterprises Limited which is incorporated in England and which carries out trading activities relating to the Society. In addition, the Society is the sole member of National Wildlife Conservation Park, incorporated in England and limited by guarantee.

National Wildlife Conservation Park is responsible for the development of a new zoological facility at the Hollywood Towers Estate on the outskirts of Bristol.

The results of the Society, Bristol Zoo Enterprises Limited (BZE Ltd) and National Wildlife Conservation Park (NWCP) are set out below, together with the companies' assets and liabilities:

	Society 2007 £'000	BZE Ltd 2007 £'000	Consolidation adjustments		Total 2007 £'000	Total 2006 £'000
			NWCP 2007 £'000	2007 £'000		
Incoming resources	6,106	1,467	2,344	(1,245)	8,672	7,030
Outgoing resources	7,064	1,204	248	(982)	7,534	(7,086)
Net results before gift from BZE Ltd	(958)	263	2,096	(263)	1,138	(56)
Gift aided donation to the Society	-	(263)	-	263	-	-
Net results	(958)	-	2,096	-	1,138	(56)

	2007 £'000	2006 £'000
Aggregate assets	7,163	5,213
Aggregate liabilities	(1,865)	(2,011)
Aggregate funds	5,298	3,202

Notes to the financial statements (continued)

for the year ended 31st December 2007

5 Resources expended

	Staff costs £'000	Other direct costs £'000	Support costs £'000	Total 2007 £'000	Total 2006 £'000
Costs of generating funds:					
Costs of generating voluntary income	109	111	-	220	184
Fundraising trading: costs of goods sold and other costs	476	1,174	-	1,650	1,781
Investment management costs	-	14	-	14	13
Costs in furtherance of the charity's objects:					
Bristol Zoo Gardens	1,247	1,407	2,316	4,970	4,644
Bristol Conservation & Science Foundation	109	160	14	283	297
Bristol Natural History Consortium	65	174	-	239	-
National Wildlife Conservation Park	-	42	-	42	88
Governance costs	40	76	-	116	79
	2,046	3,158	2,330	7,534	7,086

Allocation of support costs:	Staff costs £'000	Other costs £'000	2007 £'000	2006 £'000
Bristol Zoo Gardens	1,102	1,214	2,316	2,337
Bristol Conservation and Science Foundation	-	14	14	21
	1,102	1,228	2,330	2,358
Total costs	3,148	4,386	7,534	7,086

Support costs have been allocated on the basis of the number of employees engaged in charitable activities, and include the costs of the finance department, maintenance, utilities, admissions, and a proportion of irrecoverable VAT. No support costs have been allocated to the National Wildlife Conservation Park project.

6 Net incoming/(outgoing) resources

	2007 £'000	2006 £'000
Net incoming/(outgoing) resources are stated after charging:		
Operating lease payments:		
Plant, machinery and vehicles	7	15
Land and buildings	71	76
Depreciation	853	793
Auditors' remuneration (including irrecoverable VAT) for:		
Audit services (Society: £17,000 (2006: £16,000))	28	23
Other services - taxation	13	4
- audit of grant claim	1	-
- accountancy	-	1

No indemnity insurance for Trustees' liability has been purchased by the Society (2006: none).

7 Employee information

	2007 Number	2006 Number
The average no. of persons employed by the group (on a full time annual equivalent basis) during the year was:		
Generating voluntary income	4	4
Generating income from activities	18	19
Bristol Zoo Gardens – direct	62	58
Bristol Conservation & Science Foundation	3	2
Bristol Natural History Consortium	2	-
National Wildlife Conservation Park	6	5
Support	50	51
	145	139
	2007	2006
Staff costs (for the above persons)	£'000	£'000
Wages and salaries	2,831	2,488
Social security costs	244	210
Pension costs (see note 19)	194	178
	3,269	2,876

Aggregate staff costs include employees who work in shops. Their costs are charged to Bristol Zoo Enterprises Limited.

Included in staff costs is £121,000 of wages capitalised in the balance sheet of National Wildlife Conservation Park under the heading of "assets under construction".

The number of employees whose annual emoluments exceeded £60,000 was:

	2007 Number	2006 Number
£80,001 - £90,000	1	-
£70,001 - £80,000	-	1

The staff member has benefits accruing under a defined benefit pension scheme provided by the Universities Superannuation Scheme.

No Trustee received any remuneration from the Society during the year. No Trustee has received reimbursement for out of pocket expenses (2006: £Nil).

8 Taxation

The parent company is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Notes to the financial statements (continued)

for the year ended 31st December 2007

9 Tangible fixed assets

Group	Freehold land & buildings £'000	Leasehold land & buildings £'000	Plant & machinery £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost						
At 1 January 2007	26,771	121	2,885	55	1,442	31,274
Additions	482	-	286	2	1,659	2,429
Disposals	-	-	(190)	-	(11)	(201)
Reclassification	31	-	25	-	(56)	-
At 31 December 2007	27,284	121	3,006	57	3,034	33,502
Depreciation						
At 1 January 2007	1,446	31	1,452	46	-	2,975
Charge in year	533	5	312	3	-	853
Disposals	-	-	(190)	-	-	(190)
At 31 December 2007	1,979	36	1,574	49	-	3,638
Net book amount						
At 31 December 2007	25,305	85	1,432	8	3,034	29,864
At 31 December 2006	25,325	90	1,433	9	1,442	28,299

Freehold land and buildings were valued as at 31 December 2003 on a depreciated replacement cost basis, assuming existing use, by independent valuers King Sturge, Chartered Surveyors, Bristol, while in the ownership of the old Society. This value, together with subsequent additions at cost, less accumulated depreciation, formed the value at which the assets were transferred on 1 April 2005.

National Wildlife Conservation Park additions during the year included £74,000 (2006: £12,000) of interest capitalised during the course of the development of the NWCP master plan, charged at a rate of 1% over Bank of Ireland base rate.

The freehold land & buildings of NWCP, which comprise the Hollywood Tower Estate, are subject to a first charge to secure a bank loan. This loan amounted to £1,287,000 (2006: £850,000) which is 40% (2006: 26.3%) of the value of the asset.

Society	Freehold land & buildings £'000	Leasehold land & buildings £'000	Plant & machinery £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost						
At 1 January 2007	23,458	121	2,885	55	123	26,642
Additions	480	-	287	-	44	811
Disposals	-	-	(190)	-	(11)	(201)
Reclassification	31	-	25	-	(56)	-
At 31 December 2007	23,969	121	3,007	55	100	27,252
Depreciation						
At 1 January 2007	1,366	31	1,452	46	-	2,895
Charge in year	501	5	310	3	-	819
Disposals	-	-	(190)	-	-	(190)
At 31 December 2007	1,867	36	1,572	49	-	3,524
Net book amount						
At 31 December 2007	22,102	85	1,435	6	100	23,728
At 31 December 2006	22,092	90	1,433	9	123	23,747

10 Fixed asset investments

Group and Society	Government securities	Listed and other investments	Cash for reinvestment	Total
	£'000	£'000	£'000	£'000
Cost or valuation at 1 January 2007	626	3,043	44	3,713
Additions	50	551	178	779
Disposals at opening market value	(268)	(498)	-	(766)
Net revaluation gains	4	(64)	-	(60)
Net book value				
At 31 December 2007	412	3,032	222	3,666
Net book value				
At 31 December 2006	626	3,043	44	3,713

Investments are stated at their market value at 31 December 2007. The historical cost of the investments at 31 December 2007 was £2,899,000 (2006: £3,058,000).

Investments included in the above with a market value greater than 5% of the total portfolio market value at 31 December 2007 are as follows:

	2007 £'000	2007 %
Vodafone ordinary shares	173	5.0
Treasury 6.25% stock 2010	305	8.9
The portfolio was structured as follows at 31 December 2007:		%
Listed on UK Stock Exchange		93.9
Cash deposits		6.1
		100.0

11 Stocks

	Group		Society	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Animals foodstuffs, cleaning materials, etc	9	12	9	12
Catering stock, retail stock and guide books	106	110	17	27
	115	122	26	39

Notes to the financial statements (continued)

for the year ended 31st December 2007

12 Debtors

	Group		Society	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Amounts falling due after more than one year				
Prepayment to subsidiary company	-	-	63	130
Amounts falling due within one year				
Trade debtors	253	183	145	129
Amounts owed by group undertaking	-	-	222	894
Other debtors	175	165	51	87
Prepayment to subsidiary company	-	-	67	71
Other prepayments & accrued income	762	261	211	152
	1,190	609	696	1,333

The long term debtor has arisen from a prepayment of property lease rentals to the subsidiary company.

13 Creditors: amounts falling due within one year

	Group		Society	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Bank overdraft	961	658	961	658
Trade creditors	346	233	141	192
Other creditors including taxation and social security costs	253	240	251	238
Capital creditors	-	24	-	24
Accruals & deferred income (see note 14)	568	544	615	591
Accrual for un-issued share capital	9	9	9	9
	2,137	1,708	1,977	1,712

14 Creditors: amounts falling due after more than one year

	Group		Society	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Bank loan, repayable in more than two years, but not more than five years	1,287	850	-	-
Deferred income	-	-	62	128
	1,287	850	62	128

The bank loan to National Wildlife Conservation Park is secured by a first charge on the land and buildings situated at the Hollywood Tower Estate, together with an assignment of the rental income. Interest on the bank loan is charged at 1% above Bank of Ireland base rate. There is a second charge over the same assets to secure the SWRDA funding, amounting to £1,078,000 as at 31 December 2007.

Deferred income for the Group relates to annual membership income.

Deferred income for the Society relates to annual and corporate membership income and amounts prepaid in respect of property lease rentals by Bristol Zoo Enterprises Limited.

The movements in deferred income included within creditors: amounts falling due within one year and after more than one year are analysed below:

	Group		Society	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Deferred income at 1 January 2007	353	315	550	586
Amount released from previous periods	-	-	(71)	(74)
Incoming resources deferred in 2007	16	38	16	38
Deferred income at 31 December 2007	369	353	495	550

The Society's commitment to its subsidiary company under the terms of an operating lease is disclosed in note 22.

15 Called up share capital

	2007	2006
Authorised – value	£350	£350
Allotted, called up and fully paid shares of £1		
- value	£275	£275
- number	275	275

In accordance with the Articles of Association of the Company, shares were issued in 2006 to the shareholders of the Bristol, Clifton and West of England Zoological Society (the old Society) as at 31st March 2005. This was on the basis of one £1 ordinary share in the Company for each share in the Society.

16 Unrestricted funds

Group	Balance 1 January 2007 £'000	Incoming resources £'000	Resources expended £'000	Transfers, investment gains/(losses), pension surplus £'000	Balance 31 December 2007 £'000
Designated funds					
Bristol Conservation and Science Foundation Reserve	1,000	-	-	-	1,000
Fixed asset reserve: Hollywood Tower Estate	3,233	-	(33)	-	3,200
Fixed asset reserve: Clifton site	23,747	-	-	(19)	23,728
	27,980	-	(33)	(19)	27,928
Other unrestricted funds	1,286	6,541	(6,983)	488	1,332
Total unrestricted funds	29,266	6,541	(7,016)	469	29,260

The designated funds consist of the following funds:

The Bristol Conservation and Science Foundation Reserve is to support explicitly the Society's conservation, education and research projects.

The Fixed Asset Reserves have been established to equate to the net book value of the Group's tangible fixed assets. The Reserve comprises two elements. First is the net book value of land and buildings, plant and equipment and other assets comprising the Zoological gardens at Clifton. Second is the net book value of The Hollywood Tower Estate, which is the subject of a proposed development as a new zoological visitor attraction.

Income from investments is allocated to other unrestricted funds.

Notes to the financial statements (continued)

for the year ended 31st December 2007

16 Unrestricted funds (continued)

Society	Balance 1 January 2007 £'000	Incoming resources £'000	Resources expended £'000	Transfers investment gains/(losses) pension deficit £'000	Balance 31 December 2007 £'000
Designated funds					
Bristol Conservation and Science Foundation Reserve	1,000	-	-	-	1,000
Fixed asset reserve: Clifton site	23,747	-	-	(19)	23,728
	24,747	-	-	(19)	24,728
Other unrestricted funds	1,434	5,464	(6,579)	488	807
Total unrestricted funds	26,181	5,464	(6,579)	469	25,535

17 Restricted funds

Group	Balance 1 January 2007 £'000	Incoming resources £'000	Resources expended £'000	Transfers between funds £'000	Balance 31 December 2007 £'000
Animal Adoption Scheme	-	44	44	-	-
Bat Fund	-	20	-	-	20
Cameroon Conservation Fund	-	21	-	-	21
Avon Gorge & Downs Conservation Scheme	-	17	17	-	-
Penguin Conservation Fund	4	3	-	-	7
Research Fund	3	8	4	-	7
Recycling Exhibit Fund	7	-	2	-	5
Shellshock Fund	4	-	-	-	4
Conservation Fund	19	-	7	-	12
International Primate Project Fund	44	220	179	-	85
Community Engagement & Support Fund	12	68	8	-	72
Partula Snail Fund	7	10	16	-	1
Bristol Natural History Consortium Fund	-	229	205	-	24
Other	2	2	3	-	1
Restricted funds in Society	102	642	485	-	259
National Wildlife Conservation Park Fund (in NWCP)	117	1,489	33	-	1,573
Restricted funds – total for group	219	2,131	518	-	1,832

The Animal Adoption Scheme was set up to raise funds towards the upkeep of certain animals at Bristol Zoo Gardens.

The Bat Fund was set up to provide funds for the conservation of bats.

The Penguin Conservation Fund was set up to provide funds for the conservation of penguins in Southern Africa.

The Research Fund was set up to provide funds for scientific research at Bristol Zoo Gardens.

The Shellshock Fund was set up to provide funds for the conservation of turtles and tortoises.

The Conservation Fund was set up to provide funds for general conservation work.

The International Primate Project Fund was set up to provide funds for (a) the care and upkeep of primates at Bristol Zoo Gardens; (b) to help endangered primates; and (c) to work with African governments to engage with communities.

The Community Engagement and Support Fund was set up to provide assistance to rural communities to conserve their natural resources.

The Partula Snail Fund was set up to provide funds for the conservation of partula snails.

The other restricted funds were all set up as conservation or other funds for a specific purpose as described in the fund name.

18 Allocation of the charity net assets

Group	Tangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Pension deficit £'000	Total £'000
Share capital	-	-	-	-	-
Unrestricted funds	1,363	2,666	(2,299)	(398)	1,332
Designated funds	26,928	1,000	-	-	27,928
Restricted funds	1,573	-	259	-	1,832
Total	29,864	3,666	(2,040)	(398)	31,092

Society	Tangible fixed assets £'000	Investments £'000	Net current assets/ (liabilities) £'000	Pension deficit £'000	Total £'000
Share capital	-	-	-	-	-
Unrestricted funds	3	2,666	(1,464)	(398)	807
Designated funds	23,728	1,000	-	-	24,728
Restricted funds	-	-	259	-	259
Total	23,731	3,666	(1,205)	(398)	25,794

Notes to the financial statements (continued)

for the year ended 31st December 2007

19 Pensions

Defined benefit scheme

The Society sponsors the Bristol Zoo Retirement & Death Benefit Scheme under which contributions are paid by the charity and employees. This scheme is a funded defined benefit pension scheme, providing benefits based on final pensionable salary. The assets of the fund are held independently from the charity's finances and are administered by Trustees. In addition, one member of staff is in a separate defined benefit arrangement with a multi-employer pension scheme.

The scheme was closed to new entrants as at 19 January 2004. Employees in service at that date will be allowed to join upon fulfilling the eligibility conditions.

FRS 17

The charity has adopted FRS 17 in these financial statements. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 1 October 2006 and updated on an approximate basis to 31 December 2007.

The contributions made by the employer over the financial year have been £125,000, equivalent to 13.5% of pensionable pay. However, following the finalisation of the 1 October 2006 actuarial valuation, the employer contribution rate will increase to 14.0% of pensionable pay with effect from 1 October 2008. In addition, employer contributions of £95,000 per annum are payable from 1 October 2008 to address the deficit. These contribution rates are to continue until reviewed following the next triennial valuation of the scheme due as at 1 October 2009. As the scheme is closed to new entrants, the current service cost as a percentage of pensionable pay is likely to increase as the membership ages, although it will be applied to a decreasing pensionable payroll.

The actuary has valued the assets of the scheme at market value and calculated the liabilities using the following assumptions:

Group and Society	2007 %	2006 %	2005 %
Rate of increase in pensionable salaries	4.2	4.1	3.9
Rate of increase in pensions in payment and deferred pensions	3.2	3.1	2.9
Inflation rate	3.3	3.1	2.9
Discount rate	5.9	5.2	4.8

The mortality assumptions adopted at 31 December 2007 imply the following residual life expectancies at age 65:

Male currently age 40	23.2 years
Female currently age 40	26.0 years
Male currently age 65	21.9 years
Female currently age 65	24.8 years

The assets of the scheme and the expected rate of return were:

Group and Society	Long term rate of return expected 2007	Value at 2007	Long term rate of return expected 2006	Value at 2006	Long term rate of return expected 2005	Value at 2005
	%	£'000	%	£'000	%	£'000
Equities	7.70	1,661	6.50	1,237	6.05	1,168
With Profit assets	5.80	56	5.10	78	3.50	128
Bonds	5.20	131	4.60	119	4.80	79
Other (property, cash etc)	4.30	141	4.50	272	4.50	67
Total market value of assets		1,989		1,706		1,442
Present value of scheme liabilities		(2,387)		(2,569)		(2,330)
Deficit in the scheme		(398)		(863)		(888)

Analysis of amount charged to net incoming/(outgoing) resources in respect of defined benefit scheme

	2007 £'000	2006 £'000
Current service	133	137
Past service cost	-	-
Total operating charge	133	137

Analysis of the amount charged to finance costs

	2007 £'000	2006 £'000
Expected return on pension scheme assets	107	86
Interest on pension scheme liabilities	(138)	(115)
Net financial return	(31)	(29)

Analysis of amount recognised in the statement of financial activities

	2007 £'000	2006 £'000
Actual return less expected return on pension scheme assets	28	35
Experience gains and losses arising on the scheme liabilities	34	36
Changes in the assumptions underlying the present value of the scheme liabilities	442	(22)
Actuarial gain recognised in the statement of financial activities	504	49

Movement in the deficit during the year

	2007 £'000	2006 £'000
Deficit in the scheme at the start of the year	(863)	(888)
Movement:		
Current service cost	(133)	(137)
Contributions	125	142
Past service cost	-	-
Net finance charge	(31)	(29)
Actuarial gain	504	49
Deficit in the scheme at the end of the year	(398)	(863)

The decrease in the net pension liability is attributable to a decrease in the present value of the scheme liabilities and an increase in the market value of the assets.

The scheme's assets principally comprise equities and these have been subject to market fluctuations. During the year the FTSE-Indices used as benchmarks for the scheme's assets rose slightly.

The yield on the long-term (15 year +) AA bond index used to discount scheme liabilities increased from 5.2% to 5.9% during the year. The assumption adopted in respect of future salary growth has been increased to 4.20%. This has an impact on the present value of the scheme's liabilities.

Notes to the financial statements (continued)

for the year ended 31st December 2007

19 Pensions (continued)

History of experience gains and losses

	2007	2006	2005	2004	2003
Difference between the actual and expected return on scheme assets:					
Amount (£'000)	28	35	159	7	50
Percentage of scheme assets (%)	1%	2%	11%	1%	6%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	34	36	(200)	(110)	(19)
Percentage of the present value of the scheme liabilities (%)	1%	1%	(9)%	(7)%	(1)%
Total amount recognised in the statement of financial activities:					
Amount (£'000)	504	49	(316)	91	(111)
Percentage of the present value of the scheme liabilities (%)	21%	2%	(14)%	6%	(7)%

Defined contribution scheme

Employees who joined after 19 January 2004 are entitled to join the Society's stakeholder scheme, to which the Society makes contributions. The pension cost for the year payable to this scheme was £6,000 (2006:£2,000).

The costs of pensions paid to former employees, contributions direct to personal pension schemes and the provision of death in service benefits total £55,000 (2006: £39,000).

20 Reconciliation of net incoming/(outgoing) resources to net cash inflow from operating activities

	2007 £'000	2006 £'000
Continuing activities		
Net incoming/(outgoing) resources for the year	1,138	(56)
Movement in pension deficit arising from service costs and financial charge	39	24
Investment income	(133)	(126)
Interest payable	46	55
Depreciation of tangible fixed assets	853	793
Fixed assets written off	11	17
Decrease/(increase) in stocks	7	(15)
Increase in debtors	(581)	(97)
Increase in creditors	126	49
Net cash inflow from operating activities	1,506	644

21 Analysis of net debt

	At 1 January 2007 £'000	Cash flows £'000	At 31 December 2007 £'000
Net debt			
Cash at bank and in hand	162	(84)	78
Bank overdraft	(658)	(303)	(961)
Bank loans	(850)	(437)	(1,287)
Cash deposits for reinvestment	44	178	222
Net debt	(1,302)	(646)	(1,948)

All the movements from the opening to closing components above result from the cash flows of the group.

22 Operating leases

The Society received income from operating leases of £70,000 (2006: £74,000) and paid costs under operating leases of £71,000 (2006: £76,000) during the year, in respect of land and buildings. The company is committed to make annual payments of £68,000 (2006: £70,000) under operating leases for land and buildings, with a net book value of £2,777,000 (2006: £2,855,000), due to expire after more than five years and annual payments of £7,000 (2006: £7,000) under operating leases for plant and equipment, due to expire within two to five years.

23 Capital commitments

Group	2007	2006
Amounts falling due within one year:	£'000	£'000
Amounts contracted but not yet provided	733	120
Society	2007	2006
Amounts falling due within one year:	£'000	£'000
Amounts contracted but not yet provided	31	40

24 Contingent liability

The grant from South West Regional Development Agency towards the National Wildlife Conservation Park project is conditional upon construction work starting on site before 31 December 2012. If this does not happen, the grant is repayable. The total grant received to 31 December 2007 was £1,078,000.