

Bristol, Clifton and West of England
Zoological Society Ltd

Trustees' Report and Financial Statements

31 December 2008

Registered Charity Number: 1104986

Registered Company Number: 5154176

REPORT OF THE TRUSTEES

Reference and administrative information

Trustees elected by the members

Martin Davies Jones	Chairman	
Victoria Arrowsmith-Brown		(Re-elected May 2008)
Michael Bothamley		(Elected April 2005)
Richard Clarke		(Re-elected May 2008)
Professor Allen Goodship		(Re-elected May 2008)
Paul Kearney		(Elected 8 May 2008)
John Howells		(Re-elected May 2008)
James McArthur		(Re-elected May 2008)
Sally McMillan		(Resigned 8 May 2008)
Charlotte Moar		(Elected April 2005)
Frank Smith		(Re-elected May 2008)
Professor Rob Cuthbert		Nominated by the University of the West of England
Professor Innes Cuthill		Nominated by the University of Bristol

Membership of Committees

Trustees	A: Attendee		C: Chair		M: Member			
	Board of Trustees	Investment Committee	Senior Staff Remuneration Committee	Audit Committee	Welfare and Research Advisory Board	Bristol Zoo Enterprises Ltd Board of Directors	National Wildlife Conservation Park Board of Directors	Pension Fund Trustees
Martin Davies Jones	C	M	M		M	C	M	M
Victoria Arrowsmith-Brown	M				M	M		
Michael Bothamley	M					M		
Richard Clarke	M					M	M	
Prof Robert Cuthbert	M		C	M		M		
Prof Innes Cuthill	M				M	M		
Prof Allen Goodship	M				C	M		
John Howells	M	M	M	M		M	C	
Paul Kearney	M							
James McArthur	M	C		M		M		M
Sally McMillan*	M					M		M
Charlotte Moar	M	M		C		M	M	
Frank Smith	M				M	M		
Staff								
Dr Bryan Carroll	A				M		A	
Dr Sue Dow					M			
Dr Jo Gipps	A	A	A	A	M	A	M	
David Harley	A						A	
Nicholas Higgins	A	A		A		A	A	A
Neil Maddison					M			
Samantha Mant	A						A	
Alex Page	A					A	A	
John Partridge					M			
Sharon Redrobe					M			
Dr Christoph Schwitzer					M			
Others								
John Pontin							M	
Prof Ruud ter Neulen					M			

* Resigned 8 May 2008

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Director

Dr Jo Gipps OBE

Senior Management Team

Dr Bryan Carroll	Deputy Director
David Harley	Head of Estates
Nicholas Higgins	Head of Finance & HR (Company Secretary)
Alex Page	Head of Commercial Operations

The Society is a company limited by shares. The company registration number is 5154176 and it is registered as a charity in England & Wales, charity number 1104986.

Its registered address is:

Bristol Zoo Gardens
Clifton, Bristol BS8 3HA

Advisers

Solicitors

Osborne Clarke
2 Temple Back East, Temple Quay
Bristol BS1 6EG

Bankers

National Westminster Bank PLC
The Mall, Clifton, Bristol BS99 5AJ

Bristol & West Property Finance
PO Box 27, One Temple Quay
Bristol BS99 7AX

Investment adviser

Gerrard Investment Management
29 Windsor Place, Cardiff CF10 3BZ

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
31 Great George Street, Bristol BS1 5QD

Structure, governance and management

Governing Document

The Society is governed by its Memorandum and Articles of Association.

Recruitment and Training of Trustees

As set out in the Articles of Association, there are up to twelve trustees, of whom two are nominated by the University of Bristol and The University of the West of England respectively. The remaining trustees are elected by the shareholders. All Trustees serve a fixed term of four years, with a maximum of three terms.

An analysis of the complementary skills of the trustees has been carried out so that the recruitment of new trustees, as and when required, focuses on the skills which the Board requires.

Prospective new Trustees are invited to visit the Zoo, meet the Director, key employees and other Trustees, and become acquainted with the culture and standards of the organisation prior to attending formal Trustee meetings.

A pack of information is made available to new Trustees. This comprises copies of the governing documents, past annual reviews, recent statutory and management accounts, minutes of Trustee meetings and other background material including relevant Charity Commission publications.

Organisational Management

During the year under review the Trustees met bi-monthly.

The Trustees have established committees for specific areas of the Society's operations as follows: an Audit Committee, an Investment Committee and a Senior Staff Remuneration Committee. There is also a Welfare and Research Advisory Board.

The day-to-day management is delegated to the Director and senior management team and monitored by the Trustees through them. To facilitate effective operations, the Director has authority, within terms of delegation approved by the Trustees, for operational matters including finance, employment and mission-related activity.

Group Structure and Relationships

The Society has two wholly-owned subsidiary companies.

Bristol Zoo Enterprises Limited (company no. 1750167) was established to operate the retail, catering and conferencing facilities at Bristol Zoo Gardens. It has a licence to operate these facilities and gift aids its profits to the Society.

National Wildlife Conservation Park was set up to develop the Hollywood Tower Estate as a new wildlife attraction and a centre for conservation leadership. Its company registration number is 05585554 and it is registered as a charity, number 1112866.

Risk Management

The Trustees have set up an Audit Committee responsible, on behalf of the Trustees, for reviewing the policies and overall process for identifying and assessing risks to the Society. It reviews the major strategic, business, financial and operational risks to which the Society is exposed. Systems have been established to mitigate those risks and procedures have been implemented to minimise any potential impact on the Society should any of those risks materialise.

Price Risk

Most of the Society's income is from Zoo visitors. Price comparisons are made with other similar organisations and competitors. Salary costs are communicated to staff after the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices.

Credit Risk

Credit risk on amounts owed to the Society by its customers is low.

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Liquidity Risk

The Society has a sufficient overdraft facility together with liquid investments to cover foreseeable requirements.

Interest rate cash flow risk

The Society is able to place surplus funds on short term deposit with its bankers.

The Society's current strategic plans include the setting up of a new National Wildlife Conservation Park at the Hollywood Tower Estate. A successful outcome is dependent on the Society meeting the challenges such a major project presents and raising the necessary funds.

Other major risks include outside events such as an epidemic of Avian influenza.

The Trustees are generally satisfied that proper systems, including risk assessment procedures, health and safety procedures and insurances are in place and that policies are in place to recognise and mitigate exposure to other major risks.

Charitable Objects, Mission and Vision

The Society's Charitable Objects are to advance:

- a) the public understanding and the conservation of wildlife and the natural environment; and
- b) the scientific study of plants and animals.

The Society's Mission is to maintain and defend biodiversity through breeding endangered species, conserving threatened species and habitats and promoting a wider understanding of the natural world.

The Society is the overarching governing body for its three Operating Units – Bristol Zoo Gardens (BZG), the Bristol Conservation and Science Foundation (BCSF) and the proposed National Wildlife Conservation Park (NWCP). The Society also has a trading subsidiary, Bristol Zoo Enterprises Ltd (BZE).

Bristol Zoo Gardens' vision is to be the best city zoo in the world for fun, for families and for young people to build the foundations of wildlife and conservation awareness.

The Bristol Conservation and Science Foundation's vision is to be an internationally recognised authority on wildlife conservation and science, in the context of sustainable development.

The National Wildlife Conservation Park's vision is to be the world's leading wildlife conservation-led visitor attraction and Europe's centre for conservation action and leadership, mobilising and harnessing mass action to conserve biodiversity and the natural environment.

Review of Activities

Our objectives and achievements for 2008 and plans for 2009

The Society

In 2007, we said 'we will again aim to improve financial performance against budget and against 2007. We will develop departmental short-term action plans and medium-term strategies that show how the Society's 10 year Strategic Plan will be put into effect.'

In 2008, we had another difficult year, largely the result of poor weather in July and August and the economic crisis that afflicted everyone towards the end of the year. We developed and completed departmental medium-term action plans to deliver the Society's Strategic Plan published in 2007.

In 2009, we will once again aim to improve our financial performance against budget and against 2008. Given the poor financial climate prevailing at the end of 2008, tough budgets have been set for all parts of the Society.

Bristol Zoo Gardens

In 2007, we said 'we will build and market a major new attraction for visitors (Butterfly Forest). We shall continue to market the zoo as a great family day out, building on our vision for BZG. We shall continue to expand our daily and special events for visitors focusing on increasing visitor numbers, dwell times and spends per head. We shall appoint a permanent Head of Human Resources to build on the valuable work done in 2007.'

In 2008, we opened the new Butterfly Forest on time and on budget, and this has proved hugely popular with our visitors. The new building is heated with biomass boilers and during the year we have continued to develop our sustainability agenda, including the drafting of sustainability manifesto for the Society and continuing work by the Green Team on ISO 14001 matters. Like all outdoor visitor attractions, we were again hit by poor weather in the middle of the summer, but better performance in the latter half of the year has helped to pull some of that deficit back. The Volunteer and Presentations Teams, both part of the Learning Department, now co-ordinate all daily activities in the Zoo including enclosure talks, the Amazing Animals presentations, the management of the Lemur and Butterfly Walk-throughs and the management of seals. We appointed Sue Gregory as our permanent Head of Human Resources.

In 2009, we shall open 'Explorers' Creek', a new combined set of interactive experiences and exhibits, including Splash, (a wet play area), Feed the Lorikeets, Forest of Birds and a revamped play area with new catering facilities. The Presentations Team will continue to develop their repertoire, including new animals and more shows. We will finalise our five-year business and financial plan and our 10-year Masterplan, enabling us to prepare for building a major new animal exhibit in 2010/2011.

Bristol Conservation and Science Foundation

In 2007, we said 'we shall continue to develop our major programmes in Cameroon and the Comores. We propose to reinvigorate our involvement in a project on penguins in South Africa and will continue to develop proposals for field projects and research to link with BZG and NWCP exhibits. In the case of NWCP exhibit areas in particular, we shall start the process of liaison with local NGOs, developing partnerships to start field projects in the ecosystems illustrated by the exhibits. We will continue to extend our research programmes and look for further national and international partners.'

In 2008, our projects in Cameroon continued to develop strongly, particularly the United Nations Environment Programme (UNEP)-funded community engagement project in the Dja biosphere reserve in South East Cameroon. Hugh Doulton, our permanent Field Officer in the Comores, continued to work with local communities developing alternative sources of income (in particular market gardens) to help alleviate the pressure on forests and therefore fruit bats; this project is now entering its second year and we believe has a bright future to act as a model for similar projects elsewhere in the world. As predicted, our project on penguins in South Africa has gained new momentum, particularly investigating the site fidelity of penguins and their responses to recent changes in food availability (probably a consequence of climate change, affecting sea temperature and currents).

Although we did not predict it at the end of 2007, in October 2008 we formally launched the Bristol Conservation and Science Foundation with a day-long symposium on 'Evidence-based Conservation' and an evening debate (the 5th Annual Bristol Zoo Gardens Conservation Debate) on the relationships between conservationists, government and businesses. Both events were a great success and both will become annual fixtures.

In 2009, we shall continue to develop our existing successful projects and to look for new areas of work, both in conservation action and research. As part of our fundraising activity, we shall seek to secure funds to support, at least in part, the core activities of the Bristol Conservation and Science Foundation.

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National Wildlife Conservation Park

In 2007, we said 'we shall complete the design process to allow us to apply for planning permission early in the year. The remainder of the year will be spent working with South Gloucestershire Council and the local stakeholders towards determination of our application. During 2008, we aim to have secured a significant number of pledges of substantial financial support for the project.'

In 2008, we finally applied for planning permission in mid-September. The delay from our intended date of 'early in the year' was caused by circumstances largely outside our control, including a late requirement to do extensive archaeological research on site. However, during the year we did obtain planning permission for the access roundabout to the site (a separate application from the main one for the Park itself) following extensive consultation and debate with local residents, whose chief concern about NWCP is its possible effect on local traffic conditions; they are largely supportive of the notion of the Park itself, and we are convinced that our impact will be less than they fear.

Our fundraising success was less dramatic; we raised full funds for Phase 1 (leading to the planning application) and that budget is now closed. However, given the sharp decline in the economic climate in the second half of 2008, we decided to scale down our fundraising activities for the Project until the economic upturn arrives.

In 2009, we shall continue in-house development of our designs (assuming planning permission is granted early in the year). We shall also continue to be actively on the lookout for suitable funding opportunities and will match these to exhibit and construction possibilities.

In summary, therefore, the Society has moved strategically and steadily forward, along the lines described last year, with some important milestones passed, particularly the formal formation of the Society's third Operating Unit, the Bristol Conservation and Science Foundation. The continuing integrated and strategic development and management of the three Operating Units, with the Society overarching them, looks firmly set for the future.

Conserving wild populations

While the UK may not have the complex biodiversity of tropical countries, we are nevertheless committed to maintaining as many of our native plant and animal species and ecosystems as possible, so that future generations can enjoy the richness of our wildlife.

The white-clawed crayfish is one of the most endangered animals in the UK. This year, working with partners, we started a three-year project to increase the numbers of individuals and sites for this species throughout the South West.

Another native species with which we work is the greater water parsnip (*Sium latifolium*), a UK Biodiversity Action Plan species. Working with Natural England, we bred and re-introduced over 400 water parsnips to Shapwick Heath on the Somerset Levels, in areas where they are safeguarded for the future.

2009 will see the tenth anniversary of the Avon Gorge and Downs Wildlife Project, which was set up by a number of partners, including Bristol Zoo Gardens, to highlight and interest people in the fascinating and rare wildlife found at one of Bristol's most iconic conservation sites.

Overseas, we continue to work in countries that are high in biodiversity but low in resources, often working with disadvantaged communities, which live alongside highly endangered wildlife, so that they can benefit from, rather than be victims of, conservation efforts.

In the Comoro Islands, we are supporting villagers who live around the Moya forest area. This forest contains several important roost and feeding areas for Livingstone's flying fox, one of the largest fruit bats in the world. During 2008, our team worked with village groups to find new, sustainable ways of improving their livelihood without destroying the forest, starting projects such as market gardening and improved agriculture practices.

Our United Nations Environment Programme-funded Great Ape Survival Partnership project in Cameroon concluded at the end of 2008, although we intend to continue the work after this phase has been completed. We have also continued our support for Cameroon Wildlife Aid Fund's work with confiscated apes.

In Madagascar, we continue to work with people living in and around the Sahamalaza National Park, which is the only known habitat of the blue-eyed black lemur. We are studying various aspects of the lemurs' ecology so that we can better understand ways to protect them from extinction.

We continue to work with other zoos around the world on initiatives such as the Amphibian Ark (to try and save many of the world's amphibians from extinction owing to the Chytrid fungus); conservation of the silvery-brown tamarin in Colombia, okapi breeding in the Democratic Republic of Congo, breeding and release of the golden lion

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tamarin of Brazil and the conservation of several Asian species of bird and terrapins.

Science and research

The Society continued to carry out fundamental and applied research to support and enhance the zoo-based and field conservation of threatened animal and plant species.

In 2008, we secured conservation research grants from the Conservation International Primate Action Fund, the European Association for the Study and Conservation of Lemurs and the International Fund for Animal Welfare (IFAW). We hosted the second UK and Ireland Regional Environmental Enrichment Conference in April, which was attended by more than 80 delegates and included 10 presentations by Bristol Zoo staff members. We also hosted a symposium on the responses of primates to habitat alteration at the International Primatological Society XXII Congress in Edinburgh in August, and a symposium on 'Evidence-based Conservation' at the official launch of the Bristol Conservation and Science Foundation in October.

Research Department staff and students attended various national and international conferences and gave 13 oral and 3 poster presentations over the course of the year.

We won a commendation from the British and Irish Association for Zoos and Aquariums (BIAZA) in the 'best research project' award category for our study on the density and habitat preferences of the Sahamalaza sportive lemur. This was the first scientific study to be carried out on this highly endangered lemur species.

Research at the zoo

Forty-three research projects took place at Bristol Zoo or through the Bristol Conservation and Science Foundation over the course of the year, including 21 undergraduate projects, 5 MSc dissertations and 7 (parts of) PhDs. Several students received distinctions and merits from their respective universities for projects under the co-supervision of our research staff.

Our focus on nutrition and digestive efficiency of captive wild animals saw several studies on food intake and digestibility, including our endangered Livingstone's fruit bats, aye ayes, mongoose lemurs and prehensile-tailed skinks.

Two undergraduate physics students from the University of Bristol built a metabolic chamber to measure oxygen consumption non-invasively in our mouse lemurs.

Research in the field

Our work with AEECL continued with research on the remaining habitat size and quality of the highly endangered Sahamalaza sportive lemur (*Lepilemur sahamalazensis*) in northwest Madagascar.

In 2008, we initiated a conservation research project in the South African Western Cape, investigating the factors that determine breeding site fidelity in the African penguin. We hope to establish a methodology for creating new breeding colonies in places more suitable for the penguins' survival.

Vet research

Our Head of Veterinary Services, Sharon Redrobe, continued supervising two three-year veterinary residency programmes leading to the Royal College of Veterinary Surgeons (RCVS) Diploma in Zoological Medicine, financed through grants from the RCVS Trust and the Rabbit Welfare Association. Two University of Bristol vet students were taught as part of their final year elective and completed research projects on 'radiographic analysis of liver size in three dove species' and 'bone maturation timing in five lemur species'.

Eight presentations were given throughout the year at various zoo and veterinary meetings, and lectures delivered at different universities. Sharon Redrobe was awarded the 'Oliphant Jackson Award' from the British Chelonia group for a paper on the diagnosis of pericardial effusion in tortoises. We also published a paper on the first reported case of lungworm in a red panda, and there is now a research project underway to investigate further the role of this parasitic illness in red pandas throughout Europe.

Population management of animals and plants

From the successful breeding of the tiny Partula snail to the internationally coordinated managed breeding programme of the mighty Western Lowland gorilla, we have continued to work closely and collaboratively with other zoos and organisations in building sustainable populations of animals and plants.

2008 began with the construction of our new butterfly house and the associated planting and conversion of the adjoining rose garden into a nectar garden. Butterfly Forest opened in May and provided our visitors with an

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exciting walk-through experience showing several species of butterfly from Costa Rica and East Africa.

A new aviary was built for our expanding colony of endangered black-cheeked lovebirds and a turtle breeding room was completed in the Reptile House where we will concentrate on breeding endangered species of box turtle.

A really important event involved Partula snails – there is one sub-species, *Partula taeniata simulans*, where only five specimens exist in the world and they are all in Bristol Zoo, including two that hatched in 2008.

Other significant births and hatchings included sea horses, dragon fish, lemur leaf frogs, Chinese box turtles, keas, a howler monkey and a pudu.

New animals coming into the collection included a male gila monster (a venomous lizard) from Rotterdam, yellow armadillos from France, a male de Brazza monkey from Spain, a male sloth, three agoutis (a South American rodent) and several bird species including a flock of rainbow lorikeets. Especially significant arrivals were a male Asiatic lion and a four-year-old female Western Lowland gorilla; both animals came to us as part of managed breeding programmes for these critically endangered species.

We contributed to several breeding programmes by sending animals to other zoos including two Brazilian tapirs, several bird species and some dwarf crocodiles. A significant death during the year was that of our female pygmy hippo, Lise.

We significantly improved all our animal and veterinary record keeping procedures by employing a full time registrar.

Recognition and accolades for our botanical gardens

Bristol Zoo Gardens once again won an “In Bloom” award and helped Clifton to win a RHS Silver Gilt national award in 2008.

Another horticultural highlight was the long-awaited official recognition of our *Hedychium* collection as a National Collection.

Plant Conservation Day (18th May) gave us the opportunity to focus on plants and the importance of their conservation. The event helped us to strengthen and build relationships with other conservation organisations. It also helped us to contribute to national and international plant conservation action plans such as the UK Plant Diversity Challenge and the Global Strategy for Plant Conservation and through them the International Union for Conservation of Nature’s Countdown 2010 targets. This resulted in good press coverage and gained support from the National Botanic Garden of Wales and Botanic Gardens Conservation International.

We were also able to play a more direct plant conservation role by growing 400 greater water parsnip (*Sium latifolium*) plants for a joint Bristol Zoo/Natural England reintroduction project at Shapwick Heath.

Ethics and animal welfare

We continue to contribute to the advancement of best practice in health and welfare standards, through the expert care of our own animals, and the dissemination of best practice via training programmes, lectures and publications.

The Welfare and Research Advisory Board 2008

The Welfare and Research Advisory Board (WRAB) is chaired by trustee Professor Allen Goodship and consists of both internal staff and external members with expertise in animal welfare and ethics. Part of the remit of this group, which meets four times a year, is to monitor ethical issues faced by the Society and to conduct an annual review of ethical matters that have come to its attention.

Throughout 2008, discussion of animal health and welfare matters allowed refinement of techniques ensuring best practice. The Board also reviewed the Society’s selection process for animals to be held at the National Wildlife Conservation Park, and an assessment of our policies and practices concerning the use of animals in our Learning Department was carried out. The Board agreed a policy and a review system to ensure that our high welfare standards are maintained.

The annual review found that all cases of euthanasia during 2008 were carried out for appropriate reasons. There had been no adverse ethical issues arising from any of the research proposals reviewed through the year, most of which were purely observational studies of social behaviour.

The Board concluded that it was satisfied that ethical matters had been dealt with appropriately throughout 2008.

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The veterinary department

The clinical cases this year were varied, as usual, as the on-site vet department deals with all species of invertebrate, fish, amphibian, reptile, bird and mammals held at Bristol Zoo. The team is led by Sharon Redrobe, who is a Royal College of Veterinary Surgeons (RCVS) Specialist in Zoo & Wildlife Medicine. The department dealt with around 300 cases of routine health checks and cases requiring treatment leading to 318 anaesthesia records in 90 species with 450 blood samples taken, and over 250 faecal parasite examinations. Given that the Zoo has a large, actively breeding and ageing animal collection, it is inevitable that the vet work also includes around 200 post mortem examinations; this aspect yields important information that we can use to manage our animal collection and share with European colleagues who maintain the same rare species.

Clinical cases of note in 2008 included instituting assisted feeding techniques to support the hand-rearing of an aye aye infant, treating the female okapi for severe pneumonia over many weeks (she has now fully recovered) and anaesthetising both adult female gorillas and their infants to perform full health checks for various reasons. We confirmed that Romina's (one of our adult female gorillas) new lenses, following cataract surgery in 2005, continue to function well and the condition has not been inherited by her youngster Namoki.

Following the discovery of a turtle parasite that had caused the death of a snake (fortunately, rapid treatment saved the others), a new room was constructed to facilitate turtle breeding and separate them permanently from the snakes.

Thirty-two bird, reptile and mammal diets were reviewed during the year and a new general bird diet for many of the mixed aviaries was devised and, following trials, implemented. We hope this will improve our breeding results in the coming years.

Integrated learning

We have engaged and empowered our audiences to act in ways that benefit wildlife conservation and help create a sustainable future for both wildlife and people.

Bristol Zoo Gardens is an educational charity, with a learning remit embedded throughout its thinking and operation. A wide cross-section of the population chooses to engage with us in a variety of ways, and we respond by providing opportunities to deepen their engagement with the natural world and their desire to help us in its conservation. We always try to offer active solutions to any conservation issues that we raise.

Learning for pupils, students and other groups

Yet again, in 2008 the Education Section smashed all records, teaching 37,119 learners (in 1,523 sessions) either in the Conservation Education Centre, or in schools. This increase in numbers was paralleled by continuous qualitative work to tailor education sessions in line with the new school curriculums and specifications. A new session, 'Sustainability in the zoo', has proved particularly popular.

Filton College has had tremendous success at the Zoo this year. Students continue to progress well, achieving higher grades and with numbers increasing.

Together with Filton College and the University of the West of England, work has continued on the development of a new Foundation Degree in Integrated Wildlife Conservation, which should see its first students enrolling in 2009.

Learning around the Zoo

The Presentations section added the Butterfly Forest to their complement of staffed walk-throughs this year, passing this over to a large team of dedicated volunteers after the busy summer season. The Volunteer section worked particularly hard to recruit enough volunteer rangers to look after visitors in Butterfly Forest and the lemur walk-through in Monkey Jungle, as well as recruiting library and fundraising volunteers, and constructing and staffing another magnificent Christmas grotto.

Summer saw the 'Year of the Frog' campaign raising awareness about the global amphibian crisis. Research showed that, after taking part in the campaign activities, visitors had significantly increased their knowledge of the amphibian groups and of the threats facing amphibians.

Amazing Animals continued to develop, welcoming two red ruffed lemurs, two harris hawks, two barn owls, two kookaburras, two racoons and a six-banded armadillo to the team. Colin, the male lemur, was a great asset both promoting and appearing (with staff) at the John Cleese fundraising evenings at the Zoo.

Learning outside the Zoo walls

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This year, we showcased Bristol Zoo's support of conservation programmes in the wild at the Bristol Festival of Nature in a tent bursting with family-friendly activities, and the Volunteer Section conducted a further 136 outreach visits including to the Mid-Somerset Agricultural Show, St Paul's Adventure Playground, Wells Cathedral School and Rolls Royce Family Fun Day.

Environmental sustainability

We believe that environmental sustainability is an essential component of any successful conservation-led organisation and we strive to manage all our operations so as to minimise our environmental impact.

We were very proud in February to become only the third zoo in the country to achieve ISO14001 accreditation – the international standard for environmental management systems. To demonstrate compliance with the standard, we had to carry out a critical appraisal of our environmental impacts, we then had to develop a robust environmental management system (EMS) to demonstrate compliance with all relevant legislation, and to demonstrate continual improvement in our environmental performance. A key component of our ability to do this work leading to ISO 14001 accreditation was the involvement of the Green Team, composed of staff from all departments and levels within the Society.

The process of achieving the ISO14001 standard has already delivered real benefits in terms of our energy and resource efficiency at Bristol Zoo Gardens, a clear example being the new Butterfly Forest exhibit which is heated using biomass in the form of wood pellets. The new boiler has saved 6.5 tonnes of carbon dioxide emissions in the first six months of operation compared with a more traditional gas powered heating system.

Other steps taken by the Zoo this year include a significant increase in recycling, including plastic bottles as well as cardboard and glass, with new recycling points all around the grounds for our visitors.

For some time, we have been working with a London-based environmental consultancy, Carbon Plan, to develop and refine an environmental accounting system that can calculate the carbon footprint of an animal-based visitor attraction like us.

This tool has been heralded as so innovative that other businesses in the South West have started using it and the project has earned Carbon Plan and Bristol Zoo Gardens an environmental excellence award nomination; Europe's largest environmental website, Environmental Data Interactive Exchange (EDIE) recognises the good work done by environmental consultancies as part of the wider efforts to reduce organisations' global impact.

The ecological and carbon footprint measuring system, named 'Salome' (after one of our female gorillas), enables us to measure and report our environmental impact, get a clear picture of the effect of our environmental management systems and use this information to target future work.

Given the poor economic forecast for the next few years, we plan to build on this work to decrease our utilities consumption, reducing both our environmental footprint and our operating costs.

Commercial activities and the visitor experience

An internal reorganisation put in place a strong foundation for the delivery of a first class attraction with the ability to raise funds and public awareness of animal and plant conservation.

We introduced a new visitor-facing department in 2008. This Front of House team encompassed car park supervision, amenities, retail, admissions, reception, membership, adoption and group sales and is managed by three Front of House Managers and supported by a team of administrators. This new department is intended to guarantee that our visitors receive a consistently high level of service and have a positive experience. We have received very positive feedback regarding the new structure, both internally and externally, and have performed well in mystery visits and visitor research.

2008 has been a challenging year due to the poor weather and economic downturn, which have had a negative impact on most commercial activity, especially the number of paying visitors, and retail and catering secondary spends. The Front of House, Milburns and Marketing teams have worked extremely hard to drive visitors and maintain sales. We have improved operations to maximise efficiency and profitability and have been creative with promotions, marketing, PR and income-generating schemes.

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Fundraising

As a registered charity, we are grateful to have been able to rely on significant financial and other support over the past year to help us meet our conservation and education objectives.

In 2008, the Corporate Partnership Scheme continued to be a major source of income for Bristol Zoo. Our thanks go to all our partners for their ongoing support, especially as they continue to be so generous during difficult times.

As well as organising a series of successful profit-making corporate events within the Zoo grounds in the summer season and at Christmas, we also secured sponsorship for the Zoo's public events in 2009 and several for field conservation projects. We also gained much-valued volunteer hours and pro bono work and equipment.

We were delighted to start a three-year sponsorship agreement with the international aircraft manufacturer Airbus, whose local base in Filton has committed significant support towards Bristol Zoo's Livingstone Fruit Bat project. We will be working together to produce innovative educational materials, so that visitors to the Zoo will have the opportunity to learn about the similarities and differences between animal and mechanical flight.

We received generous sponsorship from Wall's, who sponsored Boogie for Brizzle and the Schools Activity Week; from Bristol in Bloom, who continued their support of the Pumpkin Carving Festival; and from Clifton Photographic.

Yet again, we continued to receive fantastic support from the employees of local companies such as Bank of Ireland, Arco, Osborne Clarke, NatWest, Bristol & West, Pindar, Norwich Union and HSBC, who donated their time by getting stuck in with some of our manual projects. In 2008, a total of 135 employees completed 810 hours of volunteer work and were involved in a range of projects, from helping to paint Santa's Grotto to woodland management at the Hollywood Tower Estate.

In 2008, we launched our annual campaign, which this year was 'Year of the Frog'. Public support and grant applications gave us over £44,000 towards a much-needed amphibian breeding facility.

In 2009, our focus will shift to building long-term unrestricted funding, which will allow us to direct funds to projects with the most need. Work has already started and will continue in the areas of legacy campaigning, trusts and foundations and, most importantly, looking to individuals to pledge support.

Communication

During 2008, the Zoo had a number of 'firsts' to launch, starting with the opening of a new butterfly house and ending with the astonishingly popular Bangless Bonfire Night. Each event relied on team work to develop exciting promotional information that would tickle the imaginations of different potential audiences.

For Valentine's Day, love was in the air for Bristol Zoo's Asiatic lioness Moti as she awaited the arrival of a new mate. The timeliness of Asiatic lion love and Valentine's Day encouraged the national press and local TV to relay the story of how this critically endangered species is part of an internationally co-ordinated conservation breeding programme. We are keeping our fingers crossed for a litter of cubs in the near future.

During May, we launched Butterfly Forest, home to spectacular butterfly and moth species from across the world. Some of the first visitors to the new exhibit were the pupils of Ashton Gate School who starred, alongside the tropical butterflies, in one of the Zoo's award-winning billboards. This 'Animals in the City' poster campaign, developed with our design agency 375, was given a bronze award for Best Outdoor Poster Campaign at the Fresh Awards, a national competition that attracts nearly a thousand entries.

In July, Monty Python star John Cleese and television presenter Chris Serle hosted three fundraising 'in-conversation' evenings for the Zoo. During the sell-out evenings, they entertained and highlighted the threats faced by lemurs, one of John's favourite animals, and profiled the lemur research and conservation work undertaken by the Bristol Conservation and Science Foundation. John Cleese and his lemur side-kick, the Zoo's Amazing Animals star Colin, proved an irresistible combination for Richard and Judy, who invited them on their show.

Bristol Zoo's annual summer festival Boogie for Brizzle was back for another year, this time in support of 'Year of the Frog'. Jam-packed with music, theatre, circus acts, cabaret, food, drink and fun for all ages, the evening raised funds to support the development of a specialist amphibian breeding facility that will contribute to the world-wide fight against amphibian extinction.

The year of firsts came to a close with a silent bang and big sparkle. The 'first ever Bangless Bonfire Night for beginners' proved an amazing success. This toddler and animal-friendly event, designed to test audience interest, was attended by around 2,000 people; the low-key PR and listings information captured the public imagination and the Zoo discovered an untapped audience; word of mouth and pick-up by local news did the rest. The evening turned out to be the busiest night of the year.

Financial Review and Results for the Year

The overall position for the year appears satisfactory, with net income before recognised gains and losses amounting to £517,000, compared with £1,138,000 in 2007. However it should be noted that in both of these years, the net income was largely accounted for by funds raised specifically for the NWCP project, with the corresponding expenditure capitalised as an asset in the balance sheet.

The charitable income of Bristol Zoo Gardens increased by 10%, from £4.58 million in 2007, to £5.058 million in 2008. However, within this category, direct income from Zoo visitors and members rose by a more modest 2.8%. The remainder of the increase was accounted for by a VAT refund of £351,000. This refund was as a result of a long-running case involving charitable zoos and HM Revenue & Customs. In 2002, the European Court of Justice ruled that charitable zoos should be exempt from VAT on their admissions income, provided that they fulfilled certain conditions. The Society received a substantial VAT refund several years ago as a consequence of this ruling, but a proportion was withheld pending resolution of a tribunal case involving Twycross Zoo. The tribunal found in favour of Twycross which meant that HM Revenue & Customs released the balance of the refund that they held, together with interest.

The modest increase in visitor-related income includes a combination of a 4% average admission price increase with a 2.5% drop in the number of paying visitors. For the second year running, the Zoo experienced a poor August because of the inclement weather. The other period of the year which contributed to the overall drop was Easter, where the early Bank Holiday in March, followed by separate school holidays in April, appeared to lead to a fall in numbers for that period. Membership income was stable, and 'other' income rose as a result of increased car park charges.

The income of the Bristol Conservation and Science Foundation increased as a result of the receipt of a higher level of grants for conservation projects, in particular £103,000 from UNEP towards the Community Engagement and Support Fund.

Income relating to the Bristol Natural History Consortium fell substantially in 2008. This was because this activity ceased on 30 June 2008 when it was taken over by a newly-formed charity.

The large drop in voluntary income is because the 2007 figure included £1,490,000 of funding towards the NWCP Project from the South West Regional Development Agency (SWRDA) and a private individual. This income matched the substantial project expenditure in that year. In 2008, the funding from SWRDA and others for the NWCP project dropped to £428,000, reflecting the completion of much of the design and development work in the early part of the year.

Activities for generating income produced less in 2008 than in 2007. The bulk of this income derives from Bristol Zoo Enterprises Limited, the Society's trading subsidiary, through which commercial activities at Bristol Zoo Gardens are channelled. There was a noticeable drop in secondary spend by visitors during the year, leading to lower revenues from the onsite shops and catering. The same pattern applied to other sources of income such as corporate events and hospitality catering in the Clifton Pavilion.

The reduction of 'fundraising trading; cost of goods sold' comprises lower costs relating to sales of retail products sold by Bristol Zoo Enterprises Limited and to the staging of corporate events, together with a cutback in Zoo marketing expenditure.

A substantial effort was made to cut costs in the year. This was as a response to the drop in income arising from lower visitor numbers and reduced secondary spend, together with recognition of the pressure of cost increases, e.g., of energy and pensions. We cut back on maintenance costs by deferring all non-essential work. We saved money in a number of other areas and have managed to finish 2008 without finding it necessary to make any compulsory redundancies among Zoo operational staff. These savings were necessary in order to cover some areas of substantial cost increases, notably electricity, where a three year contract expired just as the market peaked in the middle of the year, and pensions, where the Society is committed to contributing an extra £95,000 a year for eight years to clear the deficit arising from the last actuarial valuation of the final salary scheme.

Expenditure on the Bristol Conservation and Science Foundation increased substantially in the year, from £283,000 to £414,000. This was largely due to an increase in expenditure on two conservation projects – fruit bat conservation in the Comoro Islands and the Great Ape Survival Partnership Project in Cameroon. A large part of this work was supported by external funding including the UNEP grant mentioned above, together with funds brought forward from 2007.

Expenditure relating to the Bristol Natural History Consortium fell in 2008 for the same reason as the reduction in income already mentioned, i.e., the activities being channelled into a newly-formed charity.

The increase in governance costs in the year is accounted for mainly by additional legal and professional fees in connection with, for example, the revaluation of the Society's land and buildings, a review of the final salary

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pension scheme, advice in connection with long-standing VAT issues, and a potential claim for compound interest on past VAT refunds.

The Society's land and buildings were revalued in 2008 by King Sturge. It is a requirement of the SORP 2005 'Accounting and Reporting by Charities' that the valuations of fixed assets included in the charity's accounts are updated every five years, and the previous valuation was in 2003. The Society's land and buildings at Clifton were valued at £29.3 million compared with £21.3 million in 2003, and the Hollywood Tower Estate was valued at £3.9 million compared with £3.3 million. The net gain on revaluation, which takes into account depreciation since 2003, is £8.3 million.

The Society's investments fell in value by £930,000 in 2008, which reflected the dramatic drop in world stock markets during the year. Fortunately, there is no immediate need to sell investments in a depressed market, so the equities in the portfolio will be held until the market improves.

The fall in debtors during the year is because there was a large grant payment due from SWRDA for the NWCP Project at the previous year end, which was paid in 2008. Creditors falling due within one year fell by £945,000. The main reason for this was a reduction of £721,000 in the bank overdraft. This reduction stemmed from the receipt of the VAT refund towards the end of the year, and from a cutback in capital expenditure at Bristol Zoo Gardens in the period.

Creditors falling due after more than one year rose by £360,000 resulting from draw downs on the Bank of Ireland loan for the NWCP Project.

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 30 September 2008 and the Trustees are not aware of any material changes since the 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 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 £30,782,000 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 £3,900,000 which equates to the net book value of the Group's land and buildings situated at that location.

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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 £3,400,000 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 £1,000,000. The Foundation designated reserve of £1,000,000 would also be available in an emergency, thus the total available would be £2,000,000. The free reserves therefore require building up to reach the target level. The medium term financial strategy has been developed with this target in mind. However, it is recognised that in the current economic climate this will be difficult to achieve.

Accounting and reporting responsibilities

Statement of Trustees' responsibilities

The Trustees are required by charity law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Society and the group as at the end of the financial year and of the net incoming resources of the group for that period.

The Trustees confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2008. The Trustees also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Trustees are responsible for keeping proper accounting records, for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he or she ought to have taken in his or her duty as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Society will be proposed at the Annual General Meeting.

The reserves policy is reviewed annually.

Approved by the Board of Trustees
Martin Davies Jones
30th March 2009

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 2008 which comprise the Consolidated Statement of Financial Activities (including the consolidated income and expenditure account), 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 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.

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 the Report of the Trustees 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 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 affairs of the group's and the parent charitable company's affairs as at 31st December 2008 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,
31 March 2009

**Consolidated statement of financial activities
(including the consolidated income and expenditure account)
for the year ended 31st December 2008**

Continuing operations	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2008 £'000	Total 2007 £'000
Incoming resources					
Incoming resources from charitable activities					
Bristol Zoo Gardens	2a	5,058	-	5,058	4,580
Bristol Conservation & Science Foundation	2b	14	154	168	105
Bristol Natural History Consortium	2c	22	-	22	231
Incoming resources from generated funds					
Voluntary income		33	707	740	1,839
Activities for generating income		1,657	7	1,664	1,784
Investment income	3	135	-	135	133
Other income		15	-	15	-
Total incoming resources		6,934	868	7,802	8,672
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		246	9	255	220
Fundraising trading: costs of goods sold		1,487	-	1,487	1,650
Investment management costs		10	-	10	14
Total costs of generating funds		1,743	9	1,752	1,884
Charitable activities					
Bristol Zoo Gardens		4,646	196	4,842	4,970
Bristol Conservation & Science Foundation		182	232	414	283
Bristol Natural History Consortium		53	23	76	239
National Wildlife Conservation Park		16	34	50	42
Governance costs		151	-	151	116
Total resources expended	5	6,791	494	7,285	7,534
Net incoming resources before transfers	6	143	374	517	1,138
Gross transfers between funds		42	(42)	-	-
Net income for the year before recognised gains and losses		185	332	517	1,138
Actuarial (losses)/gains on defined benefit pension scheme	19	(173)	-	(173)	504
Gain on revaluation of fixed assets		8,330	-	8,330	-
Loss on revaluation and disposal of investments		(930)	-	(930)	(35)
Net movement in funds		7,412	332	7,744	1,607
Total funds brought forward		29,260	1,832	31,092	29,485
Total funds carried forward	16 17	36,672	2,164	38,836	31,092

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

The notes on pages 20 to 36 form part of the financial statements.

Balance sheets at 31st December 2008

	Notes	Group		Society	
		2008 £'000	2007 £'000	2008 £'000	2007 £'000
Fixed assets					
Tangible assets	9	38,661	29,864	30,782	23,728
Investments	10	2,621	3,666	2,621	3,666
Investment in subsidiaries	4	-	-	-	-
Animals		1	1	1	1
		41,283	33,531	33,404	27,395
Current assets					
Stocks	11	73	115	17	26
Debtors due in more than one year	12	-	-	-	63
Debtors due in less than one year	12	540	1,190	655	696
Cash at bank and in hand		228	78	129	51
		841	1,383	801	836
Creditors: amounts falling due within one year	13	(1,192)	(2,137)	(1,198)	(1,977)
Net current liabilities		(351)	(754)	(397)	(1,141)
Total assets less current liabilities		40,932	32,777	33,007	26,254
Creditors: amounts falling due after one year	14	(1,647)	(1,287)	-	(62)
Net assets before pension deficit		39,285	31,490	33,007	26,192
Pension deficit	19	(449)	(398)	(449)	(398)
Net assets after pension deficit		38,836	31,092	32,558	25,794
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	3,900	3,200	-	-
Fixed asset reserve: Clifton site	16	30,782	23,728	30,782	23,728
Other unrestricted funds	16	1,439	1,730	1,028	1,205
Total unrestricted funds before pension deficit		37,121	29,658	32,810	25,933
Pension deficit	19	(449)	(398)	(449)	(398)
Total unrestricted funds after pension deficit		36,672	29,260	32,361	25,535
Restricted funds	17	2,164	1,832	197	259
Total funds (including a revaluation reserve of £7,751,000 (2007: £351,000))	18	38,836	31,092	32,558	25,794

The accounts on pages 17 to 36 were approved by the Trustees on 30 March 2009.

R I Clarke)
M O Davies Jones) Trustees

The notes on pages 20 to 36 form part of the financial statements.

Consolidated cash flow statement for the year ended 31st December 2008

	Notes	2008		2007	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	20		1,756		1,506
Returns on investments and servicing of finance					
Interest received		31		37	
Dividends received		104		96	
Interest payable		(22)		(46)	
			113		87
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(1,473)		(2,429)	
Purchase of fixed asset investments		(234)		(601)	
Sale of investments		207		791	
			(1,500)		(2,239)
Increase/(decrease) in cash in the year	21		369		(646)

The notes on pages 20 to 36 form part of the financial statements.

Notes to the financial statements for the year ended 31st December 2008

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 2008, 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 £177,000 (2007: deficit of £489,000)

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. The freehold land and buildings are subject to periodic revaluation by independent valuers. 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

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31st December 2008. 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. Purchases and sales during the year are treated as revenue transactions.

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.

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 costs 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

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allocated to the appropriate fund.

2a) Bristol Zoo Gardens

	2008	2007
	£'000	£'000
Gate receipts	3,709	3,629
Membership income	803	797
VAT refund, including interest	351	-
Other	195	154
	5,058	4,580

Income from Gift Aid is included in the above categories.

2b) Bristol Conservation and Science Foundation

	2008	2007
	£'000	£'000
Grants received	148	102
Other	20	3
	168	105

2c) Bristol Natural History Consortium

	2008	2007
	£'000	£'000
Contributions from members, (2007: including previous years' unexpended funds)	-	67
Grants and sponsorship	22	162
Other	-	2
	22	231

3 Investment income

	2008	2007
	£'000	£'000
Dividends	104	96
Interest on government securities	23	36
Bank and building society interest	8	1
	135	133

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.

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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 and National Wildlife Conservation Park are set out below, together with the companies' assets and liabilities:

	Society 2008	BZE Ltd 2008	NWCP 2008	Consolidation adjustments 2008	Total 2008	Total 2007
	£'000	£'000	£'000	£'000	£'000	£'000
Incoming resources	6,303	1,448	692	(641)	7,802	8,672
Outgoing resources	6,126	1,186	352	(379)	7,285	7,534
Net results before gift from BZE Ltd	177	262	340	(262)	517	1,138
Gift aided donation to the Society	-	(262)	-	262	-	-
Net results	177	-	340	-	517	1,138
Net funds of the subsidiaries					2008	2007
					£'000	£'000
Aggregate assets					8,285	7,163
Aggregate liabilities					(2,007)	(1,865)
Aggregate funds					6,278	5,298

5 Resources expended

	Staff costs	Other direct costs	Support costs	2008	2007
	£'000	£'000	£'000	£'000	£'000
Costs of generating funds:					
Costs of generating voluntary income	199	56	-	255	220
Fundraising trading: costs of goods sold and other costs	435	1,052	-	1,487	1,650
Investment management costs	-	10	-	10	14
Costs in furtherance of the charity's objects:					
Bristol Zoo Gardens	1,184	1,275	2,383	4,842	4,970
Bristol Conservation & Science Foundation	134	269	11	414	283
Bristol Natural History Consortium	33	43	-	76	239
National Wildlife Conservation Park	-	50	-	50	42
Governance costs	40	111	-	151	116
	2,025	2,866	2,394	7,285	7,534

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Allocation of support costs:

	Staff costs	Other costs	2008	2007
	£'000	£'000	£'000	£'000
Bristol Zoo Gardens	1,127	1,256	2,383	2,316
Bristol Conservation and Science Foundation	-	11	11	14
	1,127	1,256	2,394	2,330
Total costs	3,152	4,133	7,285	7,534

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 National Wildlife Conservation Park project.

6 Net incoming resources

	2008	2007
	£'000	£'000
Net incoming resources are stated after charging:		
Operating lease payments:		
Plant, machinery and vehicles	7	7
Land and buildings	67	71
Depreciation	870	853
Trustee indemnity insurance	2	-
Auditors' remuneration for:		
Audit services (Society: £15,000 (2007: £16,000))	25	26
Other services - taxation	22	12
- pension advice	8	-
- audit of grant claim	-	1

7 Employee information

	2008	2007
	Number	Number
The average no. of persons employed by the group (on a full time annual equivalent basis) during the year was:		
Generating voluntary income	3	4
Generating income from activities	17	18
Bristol Zoo Gardens - direct	63	62
Bristol Conservation & Science Foundation	5	3
Bristol Natural History Consortium	1	2
National Wildlife Conservation Park	5	6
Support	48	50
	142	145

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	2008	2007
Staff costs (for the above persons)	£'000	£'000
Wages and salaries	2,827	2,831
Social security costs	240	244
Pension costs (see note 19)	169	194
	3,236	3,269

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

Included in staff costs is £84,000 (2007: £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:

	2008	2007
	Number	Number
£80,001 - £90,000	1	1

£39,000 of this remuneration was paid by NWCP, the wholly owned subsidiary, for services as a director of that company.

The staff member has benefits accruing under a defined benefit pension scheme.

No trustee received any remuneration from the Society during the year. No trustee has received reimbursement for out of pocket expenses (2007: £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.

9 Tangible fixed assets

Group	Freehold land & buildings	Leasehold land & buildings	Plant & machinery	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1 January 2008	27,284	121	3,006	57	3,034	33,502
Additions	242	-	115	18	1,098	1,473
Disposals	(67)	-	(177)	(7)	(87)	(338)
Revaluation	5,828	-	-	-	-	5,828
Reclassification	2	-	1	-	(3)	-
At 31 December 2008	33,289	121	2,945	68	4,042	40,465
Depreciation						
At 1 January 2008	1,979	36	1,574	49	-	3,638
Charge in year	549	5	314	2	-	870
Revaluation	(2,502)	-	-	-	-	(2,502)
Disposals	(26)	-	(169)	(7)	-	(202)
At 31 December 2008	-	41	1,719	44	-	1,804
Net book amount						
At 31 December 2008	33,289	80	1,226	24	4,042	38,661
At 31 December 2007	25,305	85	1,432	8	3,034	29,864

Freehold land and buildings were valued as at 30 September 2008 on a depreciated replacement cost basis, assuming existing use, by independent valuers King Sturge, Chartered Surveyors, Bristol.

NWCP additions during the year included £88,000 (2007: £74,000) 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 £1,647,000 (2007: £1,287,000) which is 44% (2007: 40%) of the value of the asset.

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Society	Freehold land & buildings	Leasehold land & buildings	Plant & machinery	Motor vehicles	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
At 1 January 2008	23,969	121	3,007	55	100	27,252
Additions	150	-	115	18	52	335
Disposals	(67)	-	(177)	(7)	(87)	(338)
Revaluation	5,336	-	-	-	-	5,336
Reclassification	2	-	1	-	(3)	-
At 31 December 2008	29,390	121	2,946	66	62	32,585
Depreciation						
At 1 January 2008	1,867	36	1,572	49	-	3,524
Charge in year	514	5	315	2	-	836
Revaluation	(2,355)	-	-	-	-	(2,355)
Disposals	(26)	-	(169)	(7)	-	(202)
At 31 December 2008	-	41	1,718	44	-	1,803
Net book amount						
At 31 December 2008	29,390	80	1228	22	62	30,782
At 31 December 2007	22,102	85	1,435	6	100	23,728

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 2008	412	3,032	222	3,666
Additions	-	234	-	234
Disposals at opening market value	-	(207)	(142)	(349)
Net revaluation gains/(losses)	23	(953)	-	(930)
Net book value				
At 31 December 2008	435	2,106	80	2,621
Net book value				
At 31 December 2007	412	3,032	222	3,666

Investments are stated at their market value at 31st December 2008. The historical cost of the investments at 31st December 2008 was £3,087,000 (2007: £2,899,000).

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Investments included in the above with a market value greater than 5% of the total portfolio market value at 31st December 2008 are as follows:

	2008	2008
	£'000	%
BP Ordinary shares	146	5.7
Vodafone ordinary shares	128	5.0
Treasury 6.25% stock 2010	319	12.6

The portfolio was structured as follows at 31st December 2008:

	%
Listed on UK Stock Exchange	97.0
Cash deposits	3.0
	100.0

11 Stocks

	Group		Society	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Animals foodstuffs, cleaning materials, etc	8	9	8	9
Catering stock, retail stock and guide books	65	106	9	17
	73	115	17	26

12 Debtors

	Group		Society	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000

Amounts falling due after more than one year

Prepayment to subsidiary company	-	-	-	63
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Amounts falling due within one year

Trade debtors	185	253	81	145
Amounts owed by group undertaking	-	-	240	222
Other debtors	111	175	85	51
Prepayment to subsidiary company	-	-	63	67
Other prepayments & accrued income	244	762	186	211
	540	1,190	655	696

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

13 Creditors: amounts falling due within one year

	Group		Society	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Bank overdraft	240	961	229	961
Trade creditors	208	346	199	141
Other creditors including taxation and social security costs	160	253	129	251
Accruals & deferred income (see note 14)	575	568	632	615
Accrual for un-issued share capital	9	9	9	9
	1,192	2,137	1,198	1,977

14 Creditors: amounts falling due after more than one year

	Group		Society	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Bank loan, repayable in more than two years, but not more than five years	1,647	1,287	-	-
Deferred income	-	-	-	62
	1,647	1,287	-	62

The bank loan to NWCP 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 £1,500,000 as at 31 December 2008 (2007: £1,078,000).

Deferred income for the Group relates to annual and corporate 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	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Deferred income at 1 January 2008	369	353	495	550
Amount released from previous periods	(369)	-	(433)	(71)
Incoming resources deferred in 2008	385	16	385	16
Deferred income at 31 December 2008	385	369	447	495

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

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	2008	2007
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 2008	Incoming resources	Resources Expended	Transfers, investment gains/(losses) pension deficit	Balance 31 December 2008
	£'000	£'000	£'000	£'000	£'000
Designated funds					
Foundation Reserve	1,000	-	-	-	1,000
Fixed asset reserve: Hollywood Tower Estate	3,200	-	34	734	3,900
Fixed asset reserve: Clifton site	23,728	-	972	8,026	30,782
	27,928	-	1,006	8,760	35,682
Other unrestricted funds	1,332	6,934	5,785	(1,491)	990
Total unrestricted funds	29,260	6,934	6,791	7,269	36,672

The designated funds consist of the following funds:

The 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.

Society	Balance 1 January 2008	Incoming resources	Resources Expended	Transfers, investment gains/(losses) pension deficit	Balance 31 December 2008
	£'000	£'000	£'000	£'000	£'000
Designated funds					
Foundation Reserve	1,000	-	-	-	1,000
Fixed asset reserve: Clifton Site	23,728	-	972	8,026	30,782
	24,728	-	972	8,026	31,782
Other unrestricted funds	807	5,863	4,694	(1,397)	579
Total unrestricted funds	25,535	5,863	5,666	6,629	32,361

17 Restricted funds

	Balance 1 January 2008	Incoming resources	Resources Expended	Transfers between funds & adjustments	Balance 31 December 2008
	£'000	£'000	£'000	£'000	£'000
Animal Adoption Scheme	-	30	30	-	-
Bat Fund	20	10	42	12	-
Cameroon Conservation Fund	21	6	5	-	22
Avon Gorge & Downs Conservation Scheme	-	27	27	-	-
Madagascar fund	-	-	7	17	10
Frog Fund	-	24	-	-	24
Conservation Fund	12	-	-	(12)	-
International Primate Project Fund	85	213	182	-	116
Community Engagement & Support Fund	72	103	108	(59)	8
Partula Snail Fund	1	19	17	-	3
Bristol Natural History Consortium Fund	24	-	24	-	-
Other	24	8	18	-	14
Restricted funds in Society	259	440	460	(42)	197
National Wildlife Conservation Park Fund (in NWCP)	1,573	428	34	-	1,967
Restricted funds – total for group	1,832	868	494	(42)	2,164

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

The Cameroon Conservation Fund was set up to provide funds for wildlife conservation in Cameroon.

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

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 less liabilities £'000	Pension deficit £'000	Total £'000
Share capital	-	-	-	-	-
Unrestricted funds	2,012	1,621	(2,194)	(449)	990
Designated funds	34,682	1,000	-	-	35,682
Restricted funds	1,967	-	197	-	2,164
Total	38,661	2,621	(1,997)	(449)	38,836

Society	Tangible fixed assets £'000	Investments £'000	Net current assets less liabilities £'000	Pension deficit £'000	Total £'000
Share capital	-	-	-	-	-
Unrestricted funds	-	1,621	(593)	(449)	579
Designated funds	30,782	1,000	-	-	31,782
Restricted funds	-	-	197	-	197
Total	30,782	2,621	(396)	(449)	32,558

19 Pensions

Defined benefit scheme

The Society operates a defined benefit scheme in the UK. The scheme is closed to new entrants. As a consequence the current service cost calculated under the projected unit method can be expected to increase over time, as the average age of the membership increases. A full actuarial valuation was carried out at 1 October 2006 and updated to 31 December 2008 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

Following the finalisation of the 1 October 2006 actuarial valuation the Society currently pays contributions at the rate of 14.0% of pensionable pay plus £95,000 per annum. Member contributions are payable in addition at the rate of 5.0% of pensionable pay.

The best estimate of contributions to be paid by the Society to the scheme for the period beginning after 31 December 2008 is £229,000.

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The major assumptions used by the actuary were:

Assumptions

	2008 % per annum	2007 % per annum	2006 % per annum
Inflation	2.90%	3.20%	3.10%
Salary increases	3.90%	4.20%	4.10%
Rate of discount	6.30%	5.90%	5.20%
Allowance for pension in payment increases of RPI or 5% p.a. if less	2.90%	3.20%	3.10%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	2.90%	3.20%	3.10%
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 December 2008 imply the following life expectancies:

Male retiring at age 65 in 2008	22.0
Female retiring at age 65 in 2008	24.8
Male retiring at age 65 in 2028	23.1
Female retiring at age 65 in 2028	25.9

The assets in the scheme and the expected rates of return were:

	Long term rate of return expected 2008 %	Value at 2008 £'000	Long term rate of return expected 2007 %	Value at 2007 £'000
Equities	7.70	1,360	6.50	1,661
With Profit assets	5.80	50	5.10	56
Bonds	5.20	270	4.60	131
Other (property, cash etc)	4.30	141	4.50	141
Total market value of assets	7.24	1,821	5.98	1,989
Present value of scheme liabilities		(2,270)		(2,387)
Deficit in the scheme		(449)		(398)

None of the fair values of the assets shown above include any of the Society's own financial instruments or any property occupied by, or other assets used by, the Society.

The long-term expected rate of return on cash is determined by reference to government bond yields at the balance sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance. The long-term rate of return on the with-profit assets is determined by reference to the expected asset allocation of the with-profit fund.

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Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2008 £'000	2007 £'000
Scheme liabilities at start of the year	2,387	2,569
Current service cost	99	133
Interest cost	145	138
Contributions by scheme participants	44	49
Actuarial losses	(396)	(476)
Benefits paid and death in service insurance premiums	(9)	(26)
Scheme liabilities at end of the year	2,270	2,387

Reconciliation of opening and closing balances of the fair value of scheme assets

	2008 £'000	2007 £'000
Fair value of scheme assets at start of the year	1,989	1,706
Expected return on scheme assets	148	107
Actuarial (losses)/gains	(569)	28
Contributions by the Society	218	125
Contributions by scheme participants	44	49
Benefits paid and death in service insurance premiums	(9)	(26)
Fair value of scheme assets at end of the year	1,821	1,989

The actual return on the scheme assets over the year ended 31 December 2008 was (£421,000).

Analysis of the amount charged in the Statement of Financial Activities

	2008 £'000	2007 £'000
Current service cost	99	133
Interest cost	145	138
Expected return on scheme assets	(148)	(107)
Total expense recognised in the Statement of Financial Activities	96	164

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is £143,000.

Amounts for the current and previous four years

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	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Fair value of scheme assets	1,821	1,989	1,706	1,442	1,056
Present value of scheme liabilities	2,270	2,387	2,569	2,330	1,619
Deficit in the scheme	(449)	(398)	(863)	(888)	(563)
Experience adjustment on scheme assets	(569)	28	35	159	7
Experience adjustment on scheme liabilities	20	34	36	(200)	(110)
Total amount recognised in the Statement of Financial Activities	96	164	166	149	131

Defined contribution scheme

Employees who joined after 19th 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 £13,000 (2007: £6,000).

The costs of pensions paid to former employees, contributions direct to personal pension schemes and the provision of death in service benefits total £35,000 (2007: £55,000).

20 Reconciliation of net incoming resources to net cash inflow from operating activities

	2008 £'000	2007 £'000
Continuing activities		
Net incoming resources for the year	517	1,138
Movement in pension deficit arising from service costs and financial charge	(122)	39
Investment income	(135)	(133)
Interest payable	22	46
Depreciation of tangible fixed assets	870	853
Fixed assets written off	136	11
Decrease in stocks	42	7
Decrease/(increase) in debtors	650	(581)
(Decrease)/increase in creditors	(224)	126
Net cash inflow from operating activities	1,756	1,506

21 Analysis of net debt

	At 1 January 2008 £'000	Cash Flows £'000	At 31 December 2008 £'000
Net debt			
Cash at bank and in hand	78	150	228
Bank overdraft	(961)	721	(240)
Bank loans	(1,287)	(360)	(1,647)
Cash deposits for reinvestment	222	(142)	80
Net debt	(1,948)	369	(1,579)

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 £66,000 (2007: £70,000) and paid costs under operating leases of £67,000 (2007: £71,000) during the year, in respect of land and buildings. The company is committed to make annual payments of £62,000 (2007: £68,000) under operating leases for land and buildings, with a net book value of £3,860,000 (2007: £2,777,000), due to expire after more than five years and annual payments of £6,000 (2007: £7,000) under operating leases for plant and equipment, due to expire within two to five years.

23 Capital commitments

Group

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Amounts contracted but not yet provided	66	733

Society

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Amounts contracted but not yet provided	66	31

24 Contingent liability

The grant from SWRDA towards the NWCP 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 2008 was £1,500,000 (2007: £1,078,000).