

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

MISSION STATEMENT

*"TO SAVE WILDLIFE AND EMPOWER PEOPLE IN SCOTLAND AND AROUND THE
WORLD TO PROTECT, VALUE AND LOVE NATURE."*

Registered Charity SC004064

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

CHARITY INFORMATION

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THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

CHARITY INFORMATION

ROYAL PATRON

HRH The Princess Royal

PRESIDENT

Ian Marchant

BOARD OF TRUSTEES

Professor Mary Bownes OBE, DPhil, CBIol, FRSB, FRES, FRSE

Chair

Dr Karen Blackport BSc, PhD, MBA

Vice Chair (from April 2022)

Kerry Falconer FIOBS, MBA

Vice Chair to April 2022

Dr Thomas Mitchell CA, OSTJ Ω

Honorary Treasurer (resigned May 2022)

Sandy Batho MA, FCIPD[^]

Chair of Nominations and Remuneration Committee

Lynne Bell FCCA Ω

Chair of Finance, Audit and Risk Management Committee (resigned May 2022)

Fiona Davis FIOBS, ACA, BCom (Hons)

Honorary Treasurer & Chair of Finance, Audit and Risk Management Committee (Appointed May 2022)

Peter Budd CBE, BSc, CEng, FICE, MI Struct E, FCIOB, FRSA

John Fitzgerald BSc (Hons), FCIPD[^] Ω

Dr Deborah Long BA (Hons), PhD, FRSGS

Karen MacEachern BSc, BVMS, PhD, Cert EM, MRCWS

Professor Alan Miller BSc, PhD, CPhys, FRSE, FIEEE, FOSA, FInstP Ω

Dr Richard Rutnagur BA (Oxon), PhD

Professor Roger Wheeler OBE, FRSE[^]

Andrew Kitchener

Katie Lennox

CHIEF EXECUTIVE

David Field BSc MBA

INDEPENDENT COMMITTEE APPOINTMENTS

Aitken Ross

Independent member of the Finance, Audit and Risk Management Committee

Ω member of the Finance, Audit & Risk Management Committee during the year

[^] member of the Nomination and Remuneration Committee during the year

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
CHARITY INFORMATION

HEAD OFFICE

Edinburgh Zoo
134 Corstorphine Road
Edinburgh
EH12 6TS

REGISTERED CHARITY NUMBER:

SC004064

PRINCIPAL ADVISORS

External auditors

Henderson Loggie LLP
11 – 15 Thistle Street
Edinburgh
EH2 1DF

Investment advisors

Adam and Company Limited
6-8 George Street
Edinburgh
EH2 2PF

Principal bankers

Bank of Scotland
300 Lawnmarket
Edinburgh
EH1 2PH

Principal solicitors

Anderson Strathern
1 Rutland Court
Edinburgh
EH3 8EY

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

TRUSTEES' ANNUAL REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal structure

The Royal Zoological Society of Scotland (the Society) was founded in 1909, instituted by Royal Charter in 1913, and in 1948 was granted by His Majesty King George VI the privilege of adding the prefix "Royal" to its name. Amendments to the Society's Charter and Statutes were approved by Her Majesty Queen Elizabeth II and the Privy Council in 1958, 1961, 1975, 2008 and 2015.

The Society is registered as a charity with the Office of the Scottish Charity Regulator, registration number SC004064.

Governance

The governance of the Society is vested in its Trustees and Management. Trustees undertake their duties on an unpaid voluntary basis. The management team are paid employees of the Society.

President

The President is appointed by the Board principally to act as an ambassador for the Society. The President is not a member of the Board, is not a trustee and receives no remuneration.

Board Members

Members of the Society's governing Board are the Trustees of the Society within the meaning of s106 of the Charity and Trustee Investment (Scotland) Act 2005 (the Act). The Board's role is to oversee the proper management and development of the Society according to its aims and objectives, to ensure that the Society complies with prevailing legislation and regulations, and to make decisions on the key matters facing the Society. The Board met formally six times during the year.

The Board consists of up to twelve members elected at Annual General Meetings and up to a further three members co-opted by the Board on the recommendation of the Nominations and Remuneration Committee to complement the skills of elected Board members. Immediately after the Annual General Meeting each year the Board appoints a Chairman and Vice-Chairman from its number.

Elected Board Members are appointed for a term of four years, are eligible for a further two terms of four years and, on the recommendation of the Nominations and Remuneration Committee, may be eligible for one further four year term. No Board Member can serve for longer than 16 years in total.

If an elected member is, for whatever reason, unable to complete his/her term of appointment the Board may, on the recommendation of the Nominations and Remuneration Committee, co-opt a Member of the Society to fill the vacancy until the end of the term.

Board members co-opted based on their skills, may be co-opted for up to four years.

Principal Committees

The Finance, Audit & Risk Management Committee, which met four times in the year, comprises one Board member as Chairman, three other members of the Board and at least one independent member. Its remit includes, but is not limited to:

- conducting the appointment and management of auditors and investment managers;
- reviewing the financial statements and recommending them to the Board for approval;
- Oversight of financial reporting and budgeting;
- monitoring implementation of recommendations in audit reports; and
- risk management, audit and investment policy and procedures.

The Nominations and Remunerations Committee comprises one Board member as Chairman and two additional Board members. Its remit includes responsibility for identifying and recommending suitable individuals for election as Trustees and supporting the Society's Chairman in reviewing board performance. It met three times during the year.

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TRUSTEES' ANNUAL REPORT

Trustee Recruitment and Induction

In line with good governance the Board seeks to maintain a balanced mix of knowledge, skills and expertise to manage the assets of the Society effectively. The Nominations and Remuneration Committee recommends potential candidates to the Board for co-option, having first met them and understood their potential contribution, and oversees the AGM nominations and election process.

Once elected or co-opted new Board members meet with the Chief Executive and Chairman and participate in a formal induction programme. This programme includes, among other things:

- a briefing on the Society's strategic plans;
- a briefing on their responsibilities as Trustees and the governance of the Society;
- detailed briefings from each member of the Leadership Team;
- précis of relevant policies; and
- familiarisation tours of Edinburgh Zoo and Highland Wildlife Park.

Trustees are encouraged to attend external briefing events, seminars and meetings in support of the Society from time to time as they are able. Contact between Leadership Team and the Board is encouraged through Leadership Team attendance at Committee meetings, trustee participation in working groups and informal meetings.

Executive Team

The Executive Team is responsible for designing policies and procedures to support the strategies authorised by the Board, as well as managing the day-to-day operations of the Society and its trading subsidiary.

During the year the Executive Team comprised the Chief Executive, Director of Finance and Resources, Director of Engagement and Business Development and Director of People and Culture.

Risk management

The Society's risk register is reviewed at each meeting of the Finance, Audit & Risk Management Committee and by the Board bi-annually, or as high priority risks emerge. The Board has conducted its annual review of the major risks to which the Society is exposed and associated actions, procedures and contingency plans to mitigate those risks and is satisfied with the management of those risks.

The key risks to the Society in 2023 and mitigating actions have been identified as:

- the economic risk resulting from high inflation and a potential recession. In response visitor and income targets have been set conservatively in 2023. A modest surplus has been targeted. Bank borrowing remains in place and is providing increased liquidity.
- the impact of higher energy prices as our fixed term contract for electricity expires in October 2023. In response our budget for electricity has been significantly increased for the final two months of 2023. Brokers are engaged to monitor the markets make recommendations on future tariffs.
- the risk of animal disease in particular avian influenza. Actions have been taken to change working practices and make physical alterations to enclosures to reduce the potential spread of disease. These measures have been discussed with the relevant overseeing bodies.

Internal Control

The Society's Finance, Audit & Risk Management Committee oversees the operations of the Society's systems of governance, risk management and internal control.

Delivery of internal audit was outsourced to the end of 2021. The Committee and Board reviewed the delivery of this function and are now using the risk register as the driver for sourcing targeted external support for this area.

Remuneration of key management

The Society's Nominations and Remuneration Committee sets the pay level of the Chief Executive and Directors on an annual basis with reference to performance and relevant sector benchmarking. Other key management personnel are remunerated in accordance with the Society's job evaluation process.

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TRUSTEES' ANNUAL REPORT

OBJECTIVES AND ACTIVITIES

Charitable objectives

The charitable objects (Objects) of the Society are set out in the Royal Charter. These are:

- the advancement of animal welfare by promoting the conservation of threatened species and habitats; and
- the advancement of education through the above mentioned object and by promoting, facilitating and encouraging the study of zoology, animal physiology, pathology, dietetics and kindred subjects and to foster and develop among the wider public an interest in and knowledge of animal life.
- In the furtherance of the above mentioned objects, the Society can carry out the following:
 - (a) Investigate the habits, migrations and life histories of animals now or formerly occurring in Scotland and in Scottish seas and to disseminate knowledge thereof;
 - (b) effect the conservation of wild animals and their habitats in Scotland, and to promote legislation thereof; and if deemed necessary to oppose legislation tending to have adverse influence thereon;
 - (c) establish, equip, carry on and develop zoological parks or gardens and living zoological collections at such places in Scotland as the Society shall determine;
 - (d) take part in conservation and research fieldwork and related activities in other countries and where appropriate for conservation purposes collect samples of animals and plants for return to the Society;
 - (e) at such times and places as the Society may deem expedient, establish, equip, provide and maintain an animal hospital, a museum or museums, a library or libraries, a laboratory or laboratories to assist the study of zoology and kindred subjects; and lecture rooms and institute lectures and demonstrations;
 - (f) create, offer, promote and award honours, medals and certificates for services rendered to the science of zoology, or to the objects and work of the Society and to institute Fellowships;
 - (g) promote by such means as the Society may deem expedient a knowledge of animal life and habits among the pupils and students of schools and educational institutions; and
 - (h) commission, produce, distribute, publish and pay the cost of publishing books, pamphlets, and other literature which the Society may regard as tending to further its objects or as being of service to the science of zoology and to contribute to and promote such literature.”.

The Society interprets these detailed objectives as being the promotion and pursuit of Conservation, Education and Research in the sphere of Animal and Zoological Science.

Principal objectives for the year

The objectives in 2022 were:

- Continuing to fulfil our mission objectives in line with the three key strategic objectives in the newly adopted strategy;
- seeking funding and working in partnership to further enhance our research and conservation programmes and improve our facilities;
- achieving targeted levels of visitor numbers;
- keeping costs under control, focusing on revenue-generating activities and targeting a sustainable surplus;
- enhancing the visitor experience by refocusing the Animal Collection and making improvement to the Estate.

Significant activities

The principal activities of the Society are the pursuit of Conservation, Education and Research activities funded through grants and the surpluses generated from operating the two animal parks in Edinburgh and Kincaig.

The Society owns and operates Edinburgh Zoo and the Highland Wildlife Park. The commercial activities of the Society are carried on by its wholly-owned subsidiary, Ark Enterprises Limited (Ark). Taxable profits generated by Ark are donated to the Society under Gift Aid legislation. The results of Ark are consolidated into the financial statements on pages 16 to 40.

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ACHIEVEMENTS AND PERFORMANCE

Membership

Membership levels were maintained during the year at close to the 40,000 record achieved in 2021. This was reflective of increased promotional activity and a focus on membership retention.

Volunteers

The Society benefits significantly from the active support of volunteers both at Edinburgh Zoo and the Highland Wildlife Park. The Society is indebted to the work and dedication of our volunteers and we thank them for all that they do. Without their time, effort and unfaltering commitment to our cause we simply could not deliver the levels of informal public engagement with visitors throughout the year.

Department	Number of Volunteers
Edinburgh Zoo	158
Highland Wildlife Park	14

Volunteers undertake a wide range of activities which include supporting staff, visitor engagement, assisting with formal education sessions, acting as animal wardens and general administration. Volunteers are required to attend training and are subject to appropriate oversight to ensure they remain safe and follow the policies and procedures of the Society.

Visitors

Edinburgh Zoo welcomed 584,000 visitors in 2022, an increase of 3% on 2021 and the highest level since 2016 reflecting the continued post Covid demand. At the Highland Wildlife Park the number of visitors was 151,000, a 2% increase on 2021 and the second busiest year for HWP.

Conservation and research

Highlights from 2022

Critically endangered pine hoverflies were shown to be breeding successfully in new populations around the Cairngorms National Park thanks to the breeding & releases conducted by RZSS as part of the Rare Invertebrates in the Cairngorms (RIC) partnership. Surveys conducted by the RIC team including RZSS staff found larvae in previously unoccupied tree stumps, meaning at least some of the pine hoverflies released across three sites in October 2021 and March 2022 completed a full breeding cycle, signalling a significant step forward for the species in Britain. Releases and monitoring will continue next year.

After much work in the field, at the breeding centre and out in the local community and rounds of input from the project advisory teams, the translocation licence application for the Saving Wildcats project was submitted to NatureScot. Confirmation of the licence and release was received in March 2023 and the 22 kittens born this year will be released in June 2023.

RZSS WildGenes co-hosted the European Conservation Genetics Meeting which was held 30th of August to 1st September <https://consgen.org/>. The meeting was co-hosted with the University of Edinburgh and the Royal Botanic Gardens of Edinburgh. Nearly 200 people attended the meeting from 24 countries and many RZSS WildGenes staff presented at the meeting. RZSS also hosted a 2-day after meeting of the IUCN-SSC

Conservation Genetics Specialist Group in the RZSS mansion house which discussed how to use genetic analysis to define "Conservation Units". The ConsGen22 meeting received lots of positive feedback from attendees.

The beaver strategy was launched. This is a key piece of strategic work, involving RZSS, will assist with the positive planning for this recovery of this species in future.

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The PICA team attended the Global Snow Leopard Meeting GSLEP in Bishkek Kyrgyzstan to champion the role of Pallas's cats. The team were able to tell some range state politicians about this understudied cat species that is found in their country.

Dark bordered beauty moths were taken into the collection and successfully bred, marking the first new species to be approved since the launch of the RZSS strategy. The moth is one of the UK's rarest invertebrates, currently restricted to a handful of sites in Scotland (1 in Strathspey and 18 very small, highly fragmented sites in Deeside) and one in England (Yorkshire). Releases are planned for 2023.

The WildGenes team delivered reports to conservation partners on the genetic management of African penguin, antelopes, beavers, giraffe, capercaillie and Siamese crocodile -amongst many others!

A significant piece of genetic research was published on the Critically Endangered addax <https://onlinelibrary.wiley.com/doi/full/10.1111/eva.13515>. The work - which was led by WildGenes and is the culmination of many years of sample biobanking and research - highlights a vital need to conserve the last remaining wild addax population and provides a genetic foundation for future reintroductions.

An indicator was developed for measuring progress against the RZSS 2030 strategy "50 species" target and presented to the Conservation Advisory Group.

Engagement

ZOOdle has remained hugely popular with families learning about nature from all around the world, reaching over 75,000 households and 935,000 page views, and was recognised by BIAZA with a Gold Education Award. Beyond the Panda has gone beyond the panda. With the development of programmes introducing other wildlife from across the world in RZSS conservation projects or in conservation breeding programmes within RZSS sites. The formal education programme has seen a flip in numbers from digital in 2021 to onsite in 2022 with nearly 32,000 learners being engaged, the majority of this was seen between June and December as COVID restrictions remained in schools up to the summer holidays.

There are more children learning in non-traditional ways and to support this the team have continued to focus on outdoor learning.

After a successful launch of the ranger programme at Edinburgh Zoo we now have 4 permanent rangers at the zoo. A further 2 members of Highland Wildlife Park visitor experience team were successfully appointed as permanent Discovery and Learning rangers in November/December and are already making progress towards a brand-new talks and tours programme. The programme, since the end of Q1 2022 has engaged nearly 60,000 of our visitors.

A successful year of volunteer recruitment means that we now have 158 active volunteers at the zoo, 102 of these have been recruited this year.

Our community work has delivered and supported barrier removing, inclusive programmes with and for over 6,000 individuals from more than 50 community groups including supporting over 3,500 refugees.

We appointed a Discovery and Learning Programme Manager at Highland Wildlife Park to deliver the work of the SWDC activity plan focusing on engaging and supporting local communities. We were the first zoo in the UK to appoint a dedicated Accessibility and Inclusion Manager, this role will help to support and embed accessibility and inclusion across all programmes, our sites and our people.

Interpretation has concentrated on supporting the developments of Edinburgh Zoo's Dinosaurs! Event, Gannet, brand development work, SWDC exhibition at Highland Wildlife Park and the interpretation and experience project at Edinburgh Zoo.

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Animal Collection

RZSS has its own collection planning process for each of its parks, which is strongly influenced by the European Association of Zoos and Aquariums' (EAZA) regional collection plans, but also takes into consideration our own Strategy, Mission and Aims, while also taking into account our geography, facilities, expertise, history and budget.

During 2022 there have been many births and hatchings at Edinburgh Zoo the Highland Wildlife Park, the most notable being the koalas joeys, the snow leopard, Scottish wildcat, dik dik, gentoo penguins, armadillo, and Partula snail. Arrivals to both parks included yak, Przewalski's wild horses and gentoo penguins. We saw new successes with breeding the dark bordered beauty moth at the Highland Wildlife Park. These successes in breeding remind us of the importance of the work we do with the endangered species we house in our collections but also the wild places we support in Scotland and across the globe.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

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FINANCIAL REVIEW

Trading performance

Visitors to both parks increased slightly in 2022 as operations returned to a more normal footing post the pandemic. Trading income from catering and retail and education also increased significantly as operations returned to more normal levels. The record membership level increased membership income by 24% to £2.6m.

Grants donations and legacies income was £2.2m lower than in 2021 due to a number of factors. Firstly the exceptional level of corporate and government support during the pandemic has reduced to a more normal level. Secondly restricted funding was above normal levels in 2021 due to the receipt of the second EU Life support payment for the Wildcat project.

Costs increased in 2022 as the operations returned to a normal footing after the pandemic. The main cost increase was related to the additional volume of trading activity across both sites.

Support costs were up by £0.7m. The majority of this was related to a one off payment to staff during July and an accelerated pay award as well as the increased volume of business with higher utility costs, cleaning costs, waste disposal and additional maintenance as the parks became busier.

The investment portfolio did not perform as well in 2022, delivering a loss of £702k. This reflects the war in Ukraine and the poor economic outlook. The pension deficit fell from £1m to nil due to higher interest rates reducing the future liabilities.

Overall the Society achieved a net surplus of £1.4m in 2022 (2021 £6.0m). The net movement in funds for the year was a surplus of £2.2m (2021 £6.3m) after taking account the valuation of the pension fund.

Principal income movements (£m)

Income 2021	£23.9
Visitors	£0.4
Trading (retail/catering)	£0.7
Membership	£0.5
Grants, donations and legacies	-£2.3
Education	£0.1
Income 2022	£23.3

Principal expense movements (£m)

Expenditure 2021	£18.4
Trading (retail/catering)	£1.0
Living Collections	£0.5
Education	£0.4
Support Costs	£0.7
Other Costs	£0.2
Expenditure 2022	£21.2

Pension Scheme

The Society operates two pension schemes: a defined benefit scheme which closed to future accrual with effect from 1 October 2008 and a defined contribution scheme established on 1 April 2008.

The financial results for the year reflect the results of the full actuarial valuation of the Society's defined benefit pension scheme at 1 April 2021, updated as at 31 December 2022 in accordance with the requirements of Financial Reporting Standard 102. The pension deficit is nil at 31 December 2022 (2021: £1,041,000). Due to changes in market conditions, the scheme reported an asset of £1.3m, however due to restrictions on being able to access this surplus, the actuary has recommended that a ceiling should apply and no asset is recognized in the accounts.

Members of the defined benefit scheme were offered membership of a new defined contribution scheme with effect from 1 October 2008. All core staff have been and continue to be offered the option to join the Society's defined contribution scheme. Unless employees opt out, the minimum employee contribution is 4% of pensionable salary and the Society matches contributions up to a maximum of 5%.

Reserves Policy

The Board has established a reserves policy whereby free reserves should approximate to at least 3 months of the minimum resources required to sustain operations. This policy equates to approximately £2.7m. At this level the Board considers that it would be able to continue the current activities of the Society in the event of a significant drop in funding.

The Society's free reserves (excluding pension liabilities) are in a surplus of £3.8m (2021: £4m). The Board is committed to maintaining the charity's reserves in the future.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

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Going Concern

The financial statements have been prepared on a going concern basis. The Trustees have considered relevant information for the next 12 months, including current reserves and cash balances, forecast future cash flows and the impact of subsequent events in making their assessment. The Trustees have not identified any material uncertainty in respect of going concern that would impact on the continuing performance of the business.

Investment powers and policy

Under the terms of the Royal Charter, the Society has powers to invest. The trustees, having regard to the liquidity requirements of the Society and its reserves policy, hold a range of investments in order to secure a better rate of return than bank deposits.

Our investments are managed by the Society's investment managers, Adam and Company. Trustees are mindful that certain investments bear a higher risk than others and have issued the Investment Manager with instructions to pay particular attention to the risk and volatility of the Society's portfolio relative to current market conditions. The Finance, Audit and Risk Management Committee receive regular reports and are satisfied with the performance of the portfolio during 2022 considering the general performance of the market. During the year the Trustees developed and adopted a sustainable investment policy.

During 2022 the portfolio decreased in value by 18% to £3.3 million.

Auditors

Following a tender exercise during 2022 Henderson Loggie LLP were re-appointed as the Society's external auditors. The work carried out by the auditors does not involve consideration of the publication of our financial results on the Society website.

PLANS FOR THE FUTURE

A new strategy to 2030 has been developed and adopted by the Chief Executive and the Board.

There are three strategic objectives:

- To reverse the decline of at least 50 species
- To create deeper connections with nature for more than a million people
- To enable more than 100 communities to better protect nature

The strategy was launched at the AGM in May 2022. A framework is currently being developed to measure and report on the objectives within the strategy and will be in place during 2023.

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TRUSTEES' ANNUAL REPORT

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Law Reform (Miscellaneous Provisions) (Scotland) Act 1990, the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 require the trustees to ensure that accounts are prepared for each financial year which give a true and fair view of the affairs of the Society for that period. In preparing these accounts the Board are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Society will continue in operation;
- Ensure that proper accounting records are kept;
- Take adequate steps to safeguard the assets of the Society; and
- Take reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with charities legislation, as a Board of Trustees, we confirm that:

- As a Board of Trustees we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information; and
- So far as we are aware, there is no relevant audit information of which the Society's auditors are unaware.

Professor Mary Bownes

Chair

On behalf of the Board of Trustees

4 May 2023

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
INDEPENDENT AUDITOR'S REPORT FOR THE MEMBERS OF THE ROYAL ZOOLOGICAL SOCIETY OF
SCOTLAND

FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of The Royal Zoological Society of Scotland (the 'charity') for the year ended 31 December 2022 which comprise the group and parent charity Statements of Financial Activities, the group and parent Balance Sheets, the group and parent charity Cashflow Statements and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charity's affairs as at 31 December 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
INDEPENDENT AUDITOR'S REPORT FOR THE MEMBERS OF THE ROYAL ZOOLOGICAL SOCIETY OF
SCOTLAND

FOR THE YEAR ENDED 31 DECEMBER 2022

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- proper accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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INDEPENDENT AUDITOR'S REPORT FOR THE MEMBERS OF THE ROYAL ZOOLOGICAL SOCIETY OF
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Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management, the internal audit function and legal counsel about any known or suspected instances of non-compliance with laws and regulations and fraud
- Reading correspondence with regulators including the Health and Safety Executive and the City of Edinburgh Council
- Reviewing board minutes
- Reviewing Internal Audit reports
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to investment property valuations and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Zoo licencing, Health and Safety; employment law (including the Working Time Directive); anti-bribery and corruption; and compliance with charity legislation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the Trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its members as a body for our audit work, for this report, or for the opinions we have formed.

Henderson Loggie LLP

Chartered Accountants and Statutory Auditor

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
11 – 15 Thistle Street,
Edinburgh
EH2 1DF

22 May 2023

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total 2022 £	Total 2021 (Restated) £
Income and endowments from:						
Donations and legacies	2	1,963,052	2,139,484	-	4,102,536	6,378,311
Charitable activities	3	12,039,234	65,843	-	12,105,077	11,164,119
Other trading activities	4	6,381,171	-	-	6,381,171	5,683,916
Investments	5	653,012	-	-	653,012	665,242
Other	6	29,799	-	-	29,799	11,005
Total income and endowments		21,066,268	2,205,327	-	23,271,595	23,902,593
Expenditure on:						
Raising funds	7	6,729,749	-	2,993	6,732,742	4,650,792
Charitable activities	8	13,023,711	1,440,482	-	14,464,193	13,759,646
Total expenditure		19,753,460	1,440,482	2,993	21,196,935	18,410,439
Gross transfers between funds	22,23	-	-	-	-	-
Gains/(losses) on investment assets	15,23	(593,205)	-	(108,841)	(702,046)	511,898
Net income/expenditure		719,603	764,845	(111,834)	1,372,614	6,004,052
Other recognised gains/losses						
Gains/(losses) on investment property	14	-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension scheme	28	838,000	-	-	838,000	275,000
Other gains/(losses)		5,495	-	-	5,495	-
Net movement in funds		1,563,098	764,845	(111,834)	2,216,109	6,279,052
Reconciliation of funds						
Total funds brought forward at 1 January 2022	21-23	19,125,384	7,879,367	606,596	27,611,347	21,332,295
Total funds carried forward at 31 December 2022	21-23	20,688,482	8,644,212	494,762	29,827,456	27,611,347

None of the Society's activities were acquired or discontinued during the above two financial years.

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total 2022 £	Total 2021 (Restated) £
Income and endowments from:						
Donations and legacies	2	1,963,052	2,139,484	-	4,102,536	6,339,765
Charitable activities	3	12,039,234	65,843	-	12,105,077	11,164,119
Other trading activities	4	843,393	-	-	843,393	1,306,240
Investments	5	1,635,199	-	-	1,635,199	1,170,791
Other	6	29,799	-	-	29,799	11,005
Total income and endowment		16,510,677	2,205,327	-	18,716,004	19,991,920
Expenditure on:						
Raising funds	7	2,106,655	-	2,993	2,109,648	1,529,963
Charitable activities	8	13,023,711	1,440,482	-	14,464,193	13,759,646
Total resources expended		15,130,366	1,440,482	2,993	16,573,841	15,289,610
Gross transfers between funds	21,23	-	-	-	-	-
Gains/(losses) on investment assets	15,23	(593,205)	-	(108,841)	(702,046)	511,898
Net income/expenditure		787,106	764,845	(111,834)	1,440,117	5,214,208
Other recognised gains/losses						
Gains/(losses) on investment property	14	-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension scheme	28	838,000	-	-	838,000	275,000
Other gains/(losses)		5,495	-	-	5,495	-
Net movement in funds		1,630,601	764,845	(111,834)	2,283,612	5,489,208
Reconciliation of funds						
Total funds brought forward at 1 January 2022	21-23	18,334,637	7,879,367	606,596	26,820,600	21,331,392
Total funds carried forward at 31 December 2022	21-23	19,965,238	8,644,212	494,762	29,104,212	26,820,600

None of the Society's activities were acquired or discontinued during the above two financial years.

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Notes	Group		Charity	
		2022 £	2021 £	2022 £	2021 £
Fixed assets	14	22,087,280	20,960,510	21,635,580	20,832,816
Investments	15	3,325,608	4,045,223	3,325,610	4,045,225
Current assets					
Stocks	16	462,422	292,550	118,299	98,286
Debtors	17	1,713,356	1,682,229	1,773,725	4,192,686
Cash at bank and in hand		10,463,735	11,885,494	10,241,018	8,618,721
		<u>12,639,513</u>	<u>13,860,272</u>	<u>12,133,042</u>	<u>12,909,693</u>
Creditors: amounts falling due within one year	18	(3,756,484)	(4,543,167)	(3,536,582)	(4,270,665)
Net current assets / (liabilities)		<u>8,883,029</u>	<u>9,317,105</u>	<u>8,596,460</u>	<u>8,639,028</u>
Total assets less current liabilities		34,295,917	34,322,838	33,557,650	33,517,069
Creditors: amounts falling due after one year	19	(4,453,438)	(5,655,468)	(4,453,438)	(5,655,468)
Provision for other liabilities	20	(15,023)	(15,023)	-	-
Defined benefit pension scheme liability	28	-	(1,041,000)	-	(1,041,000)
Net assets		<u>29,827,456</u>	<u>27,611,347</u>	<u>29,104,212</u>	<u>26,820,600</u>
Funds					
Unrestricted reserves					
General reserve	21	12,088,482	11,566,384	11,365,238	10,775,637
Revaluation reserve	21	8,600,000	8,600,000	8,600,000	8,600,000
Pension reserve	28,21	-	(1,041,000)	-	(1,041,000)
Total unrestricted reserves		<u>20,688,482</u>	<u>19,125,384</u>	<u>19,965,238</u>	<u>18,334,637</u>
Restricted funds	22	8,644,212	7,879,367	8,644,212	7,879,367
Endowment funds	23	494,762	606,596	494,762	606,596
		<u>29,827,456</u>	<u>27,611,347</u>	<u>29,104,212</u>	<u>26,820,600</u>

The financial statements were approved and authorised for issue by the Board on 4 May 2023

Fiona Davis

On behalf of the Board of Trustees

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Group	Notes	2022 £	2022 £	2021 £	2021 £
Net cash inflow from operating activities	25		1,943,898		6,514,848
Investing activities					
Payments to acquire investments		(133,672)		(407,939)	
Payments to acquire tangible fixed assets		(2,632,815)		(1,269,670)	
Proceeds from disposal of investments		225,661		346,700	
Proceeds from disposal of tangible fixed assets		-		1,083	
Investment income		<u>653,012</u>		<u>665,242</u>	
			(1,887,814)		(664,584)
Financing activities					
Bank loans repaid		(1,209,691)		(785,450)	
Finance leases repaid		(17,107)		(10,603)	
Interest paid		<u>(182,119)</u>		<u>(97,980)</u>	
			(1,408,917)		(894,033)
(Decrease)/increase in cash	27		<u>(1,352,834)</u>		<u>4,956,231</u>
Opening cash and cash equivalents			11,996,968		7,040,737
Change in cash due to exchange rate			5,495		-
Closing cash and cash equivalents			<u>10,649,629</u>		<u>11,996,968</u>

Charity	Notes	2022 £	2022 £	2021 £	2021 £
Net cash inflow from operating activities	25		3,620,106		3,944,465
Investing activities					
Payments to acquire investments		(133,672)		(407,939)	
Payments to acquire tangible fixed assets		(2,247,153)		(1,263,647)	
Proceeds from disposal of investments		225,661		346,700	
Proceeds from disposal of tangible fixed assets		-		1,083	
Investment income		<u>1,635,199</u>		<u>1,170,791</u>	
			(519,965)		(153,012)
Financing activities					
Bank loans repaid		(1,209,692)		(785,450)	
Finance leases repaid		(17,107)		(10,603)	
Interest paid		<u>(182,119)</u>		<u>(97,980)</u>	
			(1,408,918)		(894,033)
(Decrease)/Increase in cash	27		<u>1,691,222</u>		<u>2,897,420</u>
Opening cash and cash equivalents			8,730,195		5,832,775
Change in cash due to exchange rate			5,495		-
Closing cash and cash equivalents			<u>10,426,912</u>		<u>8,730,195</u>

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The Royal Zoological Society of Scotland is a charity instituted by Royal Charter with the registered address as at Page 3.

The financial statements have been prepared under the historical cost convention with the exception of revalued investment assets and investment property and are in accordance with applicable accounting standards, including the Statement of Recommended Practice FRS102 (SORP FRS102) "Accounting and reporting by charities" and in accordance with Financial Reporting Standard 102 (FRS102). Under FRS102 the Society is a public Benefit Entity.

The financial statements are presented in sterling (£), rounded to the nearest pound.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, for 12 months from the date of approval of the financial statements, including current reserves and cash balances, forecast future cash flows and the impact of subsequent events in making their assessment. The Directors have not identified any material uncertainties in respect of going concern and have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements do not include any adjustment that may arise in the event that the charity is unable to realise its assets and discharge its liabilities in the normal course of business.

Consolidation

The accounts consolidate the results and net assets and liabilities of the Society's wholly owned subsidiary company, Ark Enterprises Limited on a line for line basis. The investment is held at cost.

Fixed assets

Assets that are considered to have a useful life of over a year are capitalised at cost. Fixed assets are included in the Balance Sheet at cost less depreciation. Capital items (other than computer hardware and software) costing less than £500 are written off to the Statement of Financial Activities (SOFA) in the period of acquisition. Items of computer hardware and software costing less than £250 are written off to the Statement of Financial Activities (SOFA) in the period of acquisition.

Gains/losses on disposal of assets are recognised in other income or expenditure on charitable activities.

Investment property is valued at open market value every five years by an external valuer. The Trustees review this value for reasonableness each year. All surpluses and deficits on valuation are transferred to a revaluation reserve and taken to the SOFA for the year. No depreciation or amortisation is provided in respect of investment properties.

Depreciation

Depreciation is provided on all fixed assets with the exception of heritable land and investment properties, in the year in which the fixed assets are brought into use. The rates of depreciation are calculated so as to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Property:	Property Improvements	4-10 years
	New Buildings	25 years
Vehicles		4 years
Plant and Machinery		4-10 years
Office Equipment		4 years
Computer Software		3 - 5 years
Computer Hardware		4 years

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Animals

Animals are generally acquired by the Society from other zoological organisations at zero cost or bred in our parks, and a realistic valuation cannot be placed thereon. Many of the animals acquired are held in trust with other zoological societies at zero cost.

Investments

Investments comprise investments in quoted equity instruments which are measured at fair value. Changes in fair value are recognised in the SOFA in the year in which they arise.

Stocks

Retail stocks are valued at the lower of cost and estimated selling price less cost to sell. Animal feed is valued at cost.

Debtors

Short term debtors are measured at transaction price.

Creditors

Short term creditors are measured at transaction price.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Capital grants and donations

Assets funded by restricted reserves are capitalised and the depreciation is recognised as an expense of the restricted reserve.

Employees

Short term employee benefits and contributions to defined contribution pension plans are recognised as an expense in the period in which they are incurred.

Pensions

Defined benefit pension scheme

The Society operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Society.

Pension scheme assets are measured using bid price values at balance sheet date. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on AA-rated corporate bonds with a term and currency equivalent to that of the assets and liabilities of the pension scheme.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is reflected in the SOFA.

Defined contribution pension scheme

The Society also operates a pension scheme providing benefits based on contributions. The employer matches contributions with those of employees up to a maximum of 5% of salary. Employer contributions are charged to the SOFA in the period to which they relate.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Funds and reserves

The Society has a number of restricted income funds to account for situations where donors require that their donations must be spent on a particular purpose or where funds have been raised for a specific purpose. Any surplus on these restricted income accounts are held as restricted reserves.

The Society has one permanent endowment fund, the J W Gibb Fund, which was established following the receipt of a legacy. The income is for the maintenance and upkeep of animals. This fund is held as an endowment reserve.

Income and endowments

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that confirmation or probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Annual membership subscriptions are recognised in the period to which they relate. Subscriptions received that relate to future periods are treated as deferred income.

Income from investments is recognised in the SOFA in the year in which it is receivable.

The Society leases out part of its land to the east of Edinburgh Zoo. This income is recognised in the SOFA in the year in which it is receivable.

Donated goods, facilities and services

Donated services and facilities are recognised as income when the charity has control over the item(s), any conditions attached have been met, the receipt of economic benefit from the use of the item(s) is probable and the economic benefit can be measured reliably. In accordance with Charity SORP (FRS 102), volunteer time is not recognised. Their contribution is however highlighted in the Trustees' Report.

On receipt, donated goods, services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have had to pay to obtain the equivalent economic benefit on the open market. A corresponding amount is also recognised as expenditure in the period of receipt.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified as either expenditure on raising funds or expenditure on charitable activities. Expenditure on raising funds are the costs incurred in attracting voluntary income, in the catering and retail activities and investment management costs. Expenditure on charitable activities include expenditures incurred on animal welfare, education and conservation activities, the main charitable objectives of the Society.

Expenditure allocation

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include the costs of Property and Estates, Finance and IT, Human Resources and Health and Safety. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 9.

Taxation and VAT

The Society is recognised as a charity by HM Revenue and Customs for the purposes of the Corporation Tax Act 2000 part II and is exempt from income and corporation tax on its charitable activities. Consequently, no tax is payable on the surplus for the year.

The Society's wholly owned subsidiary, Ark Enterprises Limited, is not exempt from corporation tax. However, Ark Enterprises limited will gift its net distributable taxable profits to the Society within 9 months of the year end. These represent qualifying donations under s191 to s202 of the Corporation Tax Act 2010. Consequently, in 2022 there is no tax charge in Ark Enterprises Limited and a small deferred tax liability of £15k (2021: £15k).

The charge for taxation comprises current and deferred tax recognised in the year. Current tax is the amount of tax payable in respect of the taxable profit for the year or the prior year. Deferred tax arises from timing differences that are differences between taxable profits and the profits as stated in the financial statements. Current and deferred tax are calculated on the basis of tax rates and laws that have been enacted by the year end.

The Society is subject to a partial VAT exemption. Accordingly all expenditure is stated inclusive of irrecoverable VAT where applicable.

Leasing and hire purchase commitments

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the SOFA in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the SOFA on a straight line basis over the lease term.

Foreign Exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denoted in foreign currencies are translated using the contract rate or the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the statement of financial activities.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Society's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group as a lessor are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether that are Indicators of Impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

The following are the group's key sources of estimation uncertainty:

The value of the asset/liability in the defined benefit pension fund is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the liabilities, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates.

Restatement of comparative figures

Management has reclassified the following items of income in 2022 and as a result has represented the comparative information on a consistent basis:

1. The recharge of management costs from the Society to Ark Enterprises Limited of £290,000 has been included in Income from Other Trading Activities. In the prior year accounts this income was included in Other Income.
2. Donations and associated gift aid received from visitors of £1,029,807 is included in Donations and Legacies. In the prior year accounts this income was included in Income from Charitable Activities.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2 DONATIONS AND LEGACIES

Group	Unrestricted	Restricted	Endowment	2022	Total 2021 (Restated)
	£	£	£	£	£
Grants	760,431	736,098	-	1,496,529	3,388,032
Donations	1,122,335	603,116	-	1,725,451	2,534,403
Legacies	80,286	800,270	-	880,556	455,876
	<u>1,963,052</u>	<u>2,139,484</u>	<u>-</u>	<u>4,102,536</u>	<u>6,378,311</u>
Year end 31 December 2021	<u>3,488,211</u>	<u>2,890,100</u>	<u>-</u>	<u>6,378,311</u>	
Charity					
Grants	760,431	736,098	-	1,496,529	3,349,486
Donations	1,122,335	603,116	-	1,725,451	2,534,403
Legacies	80,286	800,270	-	880,556	455,876
	<u>1,963,052</u>	<u>2,139,484</u>	<u>-</u>	<u>4,102,536</u>	<u>6,339,765</u>
Year end 31 December 2021	<u>3,449,665</u>	<u>2,890,100</u>	<u>-</u>	<u>6,339,765</u>	

The Society received the following Government grants:

	2022	Total 2021 (Restated)
	£	£
Scottish Government	-	678,659
Edinburgh City Council	-	42,700
Highland Council	-	28,500
NatureScot	150,891	42,796
European Commission/Executive Agency for Small and Medium Sized Enterprises	-	1,282,517
Forest and Land Scotland	20,000	9,800
National Lottery Fund	-	23,533
Highlands and Islands Enterprise	72,213	-
Visit Scotland	59,600	144,000
Cairngorm National Park Authority	14,000	-
	<u>316,703</u>	<u>2,252,505</u>

In April 2006 rules regarding the Government's Gift Aid scheme were changed resulting in the Society asking all visitors for a voluntary donation in addition to the standard admission price. This voluntary donation enabled the Society to reclaim tax from the Government on the total paid by the visitor.

3 INCOME FROM CHARITABLE ACTIVITIES

Charity and Group	Unrestricted	Restricted	Endowment	2022	Total 2021 (Restated)
	£	£	£	£	£
Admissions - Edinburgh Zoo	6,686,291	-	-	6,686,291	6,371,606
Admissions - Highland Wildlife Park	1,760,957	-	-	1,760,957	1,712,003
Animal adoption	211,504	-	-	211,504	262,610
Membership subscriptions	2,555,066	-	-	2,555,066	2,065,647
Education	255,141	-	-	255,141	106,909
Conservation	362	65,843	-	66,205	46,060
Coronavirus Job Retention Scheme	-	-	-	-	205,016
Other income	569,913	-	-	569,913	394,268
	<u>12,039,234</u>	<u>65,843</u>	<u>-</u>	<u>12,105,077</u>	<u>11,164,119</u>
Year end 31 December 2021	<u>11,118,372</u>	<u>45,747</u>	<u>-</u>	<u>11,164,119</u>	

4 INCOME FROM OTHER TRADING ACTIVITIES

Group	Unrestricted	Restricted	Endowment	2022	Total 2021 (Restated)
	£	£	£	£	£
Retail operations - Edinburgh Zoo	2,062,975	-	-	2,062,975	1,795,244
Retail operations - Highland Wildlife Park	443,465	-	-	443,465	437,378
Catering operations - Edinburgh Zoo	2,364,551	-	-	2,364,551	1,936,958
Catering operations - Highland Wildlife Park	379,259	-	-	379,259	367,785
Events	953,629	-	-	953,629	970,508
Other income	177,292	-	-	177,292	176,043
	<u>6,381,171</u>	<u>-</u>	<u>-</u>	<u>6,381,171</u>	<u>5,683,916</u>
Year end 31 December 2021	<u>5,683,916</u>	<u>-</u>	<u>-</u>	<u>5,683,916</u>	
Charity					
Events	283,807	-	-	283,807	970,508
Management recharge from subsidiary	489,999	-	-	489,999	290,000
Other income	69,587	-	-	69,587	45,732
	<u>843,393</u>	<u>-</u>	<u>-</u>	<u>843,393</u>	<u>1,306,240</u>
Year end 31 December 2021	<u>1,306,240</u>	<u>-</u>	<u>-</u>	<u>1,306,240</u>	

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5 INVESTMENT INCOME

Group	Unrestricted £	Restricted £	Endowment £	2022 £	2021 £
Rent from land & buildings	585,951	-	-	585,951	587,832
Income from listed Investments	64,742	-	-	64,742	76,153
Interest	2,319	-	-	2,319	1,257
Charitable donation from Ark Enterprises Limited	-	-	-	-	-
	<u>653,012</u>	<u>-</u>	<u>-</u>	<u>653,012</u>	<u>665,242</u>
Year end 31 December 2021	<u>654,220</u>	<u>-</u>	<u>11,022</u>	<u>665,242</u>	

Charity	Unrestricted £	Restricted £	Endowment £	2022 £	2021 £
Rent from land & buildings	585,951	-	-	585,951	587,832
Income from listed investments	64,742	-	-	64,742	76,153
Interest	2,319	-	-	2,319	1,257
Charitable donation from Ark Enterprises Limited	982,187	-	-	982,187	505,549
	<u>1,635,199</u>	<u>-</u>	<u>-</u>	<u>1,635,199</u>	<u>1,170,791</u>
Year end 31 December 2021	<u>1,159,769</u>	<u>-</u>	<u>11,022</u>	<u>1,170,791</u>	

Included within the Investment Income of the charity is £982,187 (2021: £505,549) donated by the Charity's subsidiary, Ark Enterprises Limited, under the Government's Gift Aid scheme.

6 OTHER INCOME

Group and Charity	Unrestricted £	Restricted £	Endowment £	2022 £	Total 2021 (Restated) £
Utility recharge	27,586	-	-	27,586	-
Other	2,213	-	-	2,213	11,005
	<u>29,799</u>	<u>-</u>	<u>-</u>	<u>29,799</u>	<u>11,005</u>
Year end 31 December 2021	<u>11,005</u>	<u>-</u>	<u>-</u>	<u>11,005</u>	

7 EXPENDITURE ON RAISING FUNDS

Group	Unrestricted £	Restricted £	Endowment £	2022 £	2021 £
Fundraising	374,071	-	-	374,071	338,813
Membership	182,342	-	-	182,342	135,009
Retail operations - Edinburgh Zoo	1,317,803	-	-	1,317,803	1,036,125
Catering operations - Edinburgh Zoo	2,211,637	-	-	2,211,637	1,617,947
Retail operations - Highland Wildlife Park	289,160	-	-	289,160	260,545
Catering operations - Highland Wildlife Park	315,625	-	-	315,625	252,209
Corporation tax	-	-	-	-	(51,937)
Investment management costs	16,560	-	2,993	19,553	20,425
Other costs	488,870	-	-	488,870	5,940
Support costs (Note 9)	1,533,682	-	-	1,533,682	1,035,716
	<u>6,729,749</u>	<u>-</u>	<u>2,993</u>	<u>6,732,742</u>	<u>4,650,792</u>
Year end 31 December 2021	<u>4,647,744</u>	<u>-</u>	<u>3,048</u>	<u>4,650,792</u>	

Charity	Unrestricted £	Restricted £	Endowment £	2022 £	2021 £
Fundraising	374,071	-	-	374,071	338,813
Membership	182,342	-	-	182,342	135,009
Investment management costs	16,560	-	2,993	19,553	20,425
Support costs (Note 9)	1,533,682	-	-	1,533,682	1,035,716
	<u>2,106,655</u>	<u>-</u>	<u>2,993</u>	<u>2,109,648</u>	<u>1,529,963</u>
Year end 31 December 2021	<u>1,526,915</u>	<u>-</u>	<u>3,048</u>	<u>1,529,963</u>	

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8 EXPENDITURE ON CHARITABLE ACTIVITIES

Charity and Group	Unrestricted	Restricted	2022	2021
	£	£	£	£
Animal welfare	3,902,490	313,785	4,216,275	3,748,452
Education	688,828	157,104	845,932	454,108
Marketing	463,740	8,226	471,966	422,411
Visitor Services	1,136,010	117,639	1,253,649	1,119,852
Events	585,855	-	585,855	839,037
Genetics Unit - Edinburgh Zoo	261,566	-	261,566	232,351
Conservation and Science	869,514	843,728	1,713,242	2,069,986
Support costs (Note 9)	5,115,708	-	5,115,708	4,873,449
	<u>13,023,711</u>	<u>1,440,482</u>	<u>14,464,193</u>	<u>13,759,646</u>
Year end 31 December 2021	<u>12,061,962</u>	<u>1,697,684</u>	<u>13,759,646</u>	

Expenditure on charitable activities includes the following grants:

	Unrestricted	Restricted	2022	2021
	£	£	£	£
Budongo Conservation Field Station	80,142	-	80,142	80,142
Instituto de Pesquisas Ecologicas	13,147	-	13,147	-
Thomas Docherty Bone	8,086	-	8,086	5,000
Nordens Ark	-	40,241	40,241	44,344
	<u>101,375</u>	<u>40,241</u>	<u>141,616</u>	<u>129,486</u>

9 SUPPORT COSTS

Charity & Group	Raising funds	Charitable activities	2022	2021
	£	£	£	£
Property, Estates and Works	860,342	2,661,632	3,521,974	2,906,937
Health and safety	15,449	47,793	63,242	28,617
Gardening	-	370,970	370,970	304,414
Chief Executive's Office	149,307	461,912	611,219	835,887
Finance and IT	413,989	1,280,755	1,694,744	1,556,271
Human Resources	90,442	279,799	370,241	260,039
Net return on pension	4,153	12,847	17,000	17,000
	<u>1,533,682</u>	<u>5,115,708</u>	<u>6,649,390</u>	<u>5,909,165</u>
Year end 31 December 2021	<u>1,035,716</u>	<u>4,873,449</u>	<u>5,909,165</u>	

Support costs, with the exception of Gardening costs, are allocated to Raising Funds and Charitable Activities in accordance with the direct expenditure incurred in these areas.

Gardening costs are allocated directly to charitable activities on the basis that these costs are incurred in maintaining the parks, improving the experience of visitors and thus linked to the admission income earned.

Support costs include Governance costs of £194,998 (2021: £178,268).

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10 ANALYSIS OF STAFF COSTS

	Group & Charity	
	2022	2021
	£	£
Wages and salaries	6,989,734	5,904,807
Social security costs	632,718	489,939
Cost of defined contribution pension scheme	248,125	218,410
Cost of defined benefit pension scheme	219,600	164,700
Other benefits	50,915	51,186
	8,141,092	6,829,042

During the year 1 (2021: 1) employee was either made redundant or had their contract of employment terminated. Redundancy and termination payments of £2,394 (2021: £11,543) were paid during the year.

The Society closed the defined benefit scheme to future accrual with effect from 30th September 2008. Employees ceased their contributions from that date although the Society continued to make contributions in line with the schedule of contributions agreed with the pension Trustees. Employees were offered membership of the defined contribution scheme with effect from 1 October 2008.

The Society opened a defined contribution pension scheme on 1 April 2008 with the Society matching contribution with those of employees to a maximum of 5% of salary. The assets of the defined pension contribution scheme are administered by an independent pension provider.

The average weekly number of employees during the year was:

	2022	2021
	Number	Number
Full-time	203	183
Part-time	103	97
	306	280

The number of employees earning more than £60,000 were as follows:

	Number	Number
£120,000 - £129,999	1	1
£80,000 - £89,999	2	1
£70,000 - £79,999	-	1
£60,000 - £69,999	1	-

11 BENEFITS RECEIVED BY KEY MANAGEMENT PERSONNEL

Day to day management of activities is delegated by the Trustees to an Executive Team. During the year the Executive Team comprised the Chief Executive Officer, Director of Finance and Resources, Director of Engagement and Business Development and Director of Human Resources. The total employee benefits received by the Executive Team, excluding pension contributions, was £359,563 (2021: £320,647). All of these employees are members of the Society's defined contribution pension scheme. Pension contributions for the Executive Team totalled £13,627 (2021: £12,972).

12 BOARD OF TRUSTEES' REMUNERATION AND EXPENSES

Trustees received no remuneration in respect of their services as trustees in either year.

In accordance with the Society's guidelines, Trustees may be reimbursed for properly incurred travel, subsistence and accommodation expenditure. In addition, the Society may also pay third parties directly for similar trustee expenses. During the year a total of £626 (2021: £471) was reimbursed to four Trustees (2021: one Trustees) and no expenditure was paid directly to third party suppliers (2021: £267).

During the year Trustees Indemnity Insurance was in place for the benefit of the Trustees.

13 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Auditor's remuneration				
Statutory Audit	19,790	15,950	14,040	11,225
Assurance services and other audit	3,000	2,705	3,000	2,705
Tax advisory services	3,840	6,188	1,890	4,973
	26,630	24,843	18,930	18,903

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14 FIXED ASSETS

Group	Heritable Land	Investment Property	Property	Assets Under Construction	Computer Hardware		Computer Software	Office Equipment		Plant & Machinery	Vehicles	TOTAL
					£	£		£	£			
Cost/Valuation												
As at 1 January 2022	23,500	8,600,000	23,195,435	1,496,132	586,764	716,674	84,781	762,960	560,036	36,026,282		
Additions	-	-	430,639	1,408,868	102,499	15,047	40,859	505,395	165,557	2,668,864		
Revaluations	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	375,347	(909,344)	299,955	-	-	234,042	-	-	-	-
Disposals	-	-	-	-	-	-	-	(21,000)	(28,198)	(49,198)		
AS AT 31 DECEMBER 2022	23,500	8,600,000	24,001,421	1,995,656	989,218	731,721	125,640	1,481,397	697,395	38,645,948		
Depreciation												
As at 1 January 2022	-	-	12,868,741	-	536,079	457,399	64,850	703,984	434,719	15,065,772		
Disposals	-	-	-	-	-	-	-	(21,000)	-	(21,000)		
Charge for the year	-	-	1,107,313	-	90,076	98,486	10,241	146,613	61,167	1,513,896		
AS AT 31 DECEMBER 2022	-	-	13,976,054	-	626,155	555,885	75,091	829,597	495,886	16,558,668		
Net book value												
AS AT 31 DECEMBER 2022	23,500	8,600,000	10,025,367	1,995,656	363,063	175,836	50,549	651,800	201,509	22,087,280		
As at 31 December 2021	23,500	8,600,000	10,326,694	1,496,132	50,685	259,275	19,931	58,976	125,317	20,960,510		

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14 FIXED ASSETS (CONTINUED)

Charity	Heritable Land	Investment Property	Property	Assets Under Construction	Computer Hardware	Computer Software	Office Equipment	Plant & Machinery	Vehicles	TOTAL
Cost										
As at 1 January 2022	23,500	8,600,000	22,646,658	1,496,132	586,764	712,954	80,386	687,933	560,036	35,394,363
Additions	-	-	77,179	1,408,868	89,021	15,047	40,859	486,671	165,557	2,283,202
Revaluation	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	375,347	(909,344)	299,955	-	-	234,042	-	-
Disposals	-	-	-	-	-	-	-	(21,000)	(28,198)	(49,198)
AS AT 31 DECEMBER 2022	23,500	8,600,000	23,099,184	1,995,656	975,740	728,001	121,245	1,387,646	697,395	37,628,367
Depreciation										
As at 1 January 2022	-	-	12,429,948	-	536,079	453,678	63,129	643,994	434,719	14,561,547
Disposals	-	-	-	-	-	-	-	(21,000)	-	(21,000)
Charge for the year	-	-	1,056,948	-	89,402	98,486	9,237	137,000	61,167	1,452,240
AS AT 31 DECEMBER 2022	-	-	13,486,896	-	625,481	552,164	72,366	759,994	495,886	15,992,787
Net book value										
AS AT 31 DECEMBER 2022	23,500	8,600,000	9,612,288	1,995,656	350,259	175,837	48,879	627,652	201,509	21,635,580
As at 31 December 2021	23,500	8,600,000	10,216,710	1,496,132	50,685	259,276	17,257	43,939	125,317	20,832,816

Land and buildings at 132 Corstorphine Road, Edinburgh have been stated at Trustees' valuation based on an independent valuation on an existing use basis at open market value of £8,600,000 as at 30 January 2020 by DM Hall, Chartered Surveyors. At 31 December 2022 the historic cost of the investment property was nil.

The net book value of motor vehicles held under finance leases was £74,366 (2021: £17,026). The depreciation charge for the year in relation to these assets held under finance leases amounted to £23,480 (2021: £12,915).

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15 INVESTMENTS

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Fair value of securities at 1 January 2022	3,933,749	3,360,612	3,933,751	3,360,614
Purchases	133,672	407,939	133,672	407,939
Disposal proceeds	(225,661)	(346,700)	(225,661)	(346,700)
Unrealised gain/(loss)	(649,446)	484,950	(649,446)	484,950
Realised gain/(loss)	(52,600)	26,948	(52,600)	26,948
Fair value of securities at 31 December 2022	<u>3,139,714</u>	<u>3,933,749</u>	<u>3,139,716</u>	<u>3,933,751</u>
Cash investments	185,894	111,474	185,894	111,474
Fair value at 31 December 2022	<u>3,325,608</u>	<u>4,045,223</u>	<u>3,325,610</u>	<u>4,045,225</u>
Cost at 31 December 2022	<u>2,441,812</u>	<u>2,396,487</u>	<u>2,441,814</u>	<u>2,396,489</u>

The Charity's investments include the investment in the subsidiary, Ark Enterprises Ltd and is stated at cost (note 32).

16 STOCKS

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Goods for resale	344,123	194,267	-	-
Consumable stores	118,299	98,283	118,299	98,286
	<u>462,422</u>	<u>292,550</u>	<u>118,299</u>	<u>98,286</u>

17 DEBTORS

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	263,978	226,522	182,415	137,293
Other	1,025,621	433,643	1,025,621	433,643
Prepayments & accrued income	423,757	1,022,064	419,604	996,466
Amounts owed by subsidiary company	-	-	146,085	2,625,284
	<u>1,713,356</u>	<u>1,682,229</u>	<u>1,773,725</u>	<u>4,192,686</u>

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	489,720	611,340	472,962	507,155
Social security and other taxes	195,014	242,050	195,015	242,051
Other creditors	71,781	65,340	71,781	65,340
Accruals	1,095,845	1,394,392	969,786	1,360,801
Finance leases (note 19)	16,814	14,191	16,814	14,191
Deferred income	634,756	971,958	557,670	837,231
Bank loan (note 19)	1,252,554	1,243,896	1,252,554	1,243,896
	<u>3,756,484</u>	<u>4,543,167</u>	<u>3,536,582</u>	<u>4,270,665</u>

Other creditors include outstanding pension contributions of £44,397 (2021: £38,566).

Deferred income includes membership, rental, grants and donation income where the condition for recognition will be met in future periods. The movement in deferred income is analysed as follows:

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
As at 1 January 2022	971,958	1,081,390	837,231	1,081,390
Amounts released from previous years	(969,502)	(1,071,544)	(834,776)	(1,071,544)
Income deferred	632,300	962,112	555,215	827,385
AS AT 31 DECEMBER 2022	<u>634,756</u>	<u>971,958</u>	<u>557,670</u>	<u>837,231</u>

19 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Finance leases	46,926	30,607	46,926	30,607
Bank loan	4,406,512	5,624,861	4,406,512	5,624,861
	<u>4,453,438</u>	<u>5,655,468</u>	<u>4,453,438</u>	<u>5,655,468</u>

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19 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (CONTINUED)

The Society has entered into the following loans:

	Date	Loan £	Duration	Interest rate (%)	Security
Bank of Scotland	March 2020	2,000,000	20 years	BOE base + 2.35%	Land at 132 Corstorphine Road, Edinburgh and assignment of rents re lease of the Holiday Inn
Bank of Scotland	May 2020	5,000,000	6 years	BOE base +1.59%	Land and buildings at 132 and 134 Corstorphine Road, Edinburgh and assignment of rents re lease of the Holiday Inn
Scottish Government	June 2020	500,000	5 years	0.50%	Admissions building at 134 Corstorphine Road, Edinburgh
Third Sector Resilience Fund	May 2020	160,000	5 years	0.00%	None

Bank loans are repayable as follows:

Less than one year
Between one and two years
Between two and five years
In five years or more

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
	1,252,554	1,243,896	1,252,554	1,243,896
	1,243,896	1,243,896	1,243,896	1,243,896
	1,848,355	2,988,355	1,848,355	2,988,355
	1,314,261	1,392,609	1,314,261	1,392,609
	<u>5,659,066</u>	<u>6,868,756</u>	<u>5,659,066</u>	<u>6,868,756</u>

Financial commitments under finance leases and hire purchase contracts will result in the following payments.

	2022	2021
Minimum lease payments under finance leases falling due:	£	£
Within one year	16,814	14,191
Within 2-5 years	46,926	30,607
	<u>63,740</u>	<u>44,798</u>

20 PROVISION FOR OTHER LIABILITIES

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Deferred tax	15,023	15,023	-	-
	<u>15,023</u>	<u>15,023</u>	<u>-</u>	<u>-</u>

21 UNRESTRICTED FUNDS

	As at 1 January 2022	Incoming resources	Other gains/(losses)	Pension	Resources expended	Transfer	AS AT 31 DECEMBER 2022
		£	£	£	£	£	£
Group funds							
General reserve	11,566,384	21,083,268	(587,710)	-	(19,973,460)	-	12,088,482
Revaluation reserve	8,600,000	-	-	-	-	-	8,600,000
Pension reserve	(1,041,000)	(17,000)	-	838,000	220,000	-	-
Group funds	<u>19,125,384</u>	<u>21,066,268</u>	<u>(587,710)</u>	<u>838,000</u>	<u>(19,753,460)</u>	<u>-</u>	<u>20,688,482</u>
Charity funds							
General reserve	10,775,637	16,527,677	(587,710)	-	(15,350,366)	-	11,365,238
Revaluation reserve	8,600,000	-	-	-	-	-	8,600,000
Pension reserve	(1,041,000)	(17,000)	-	838,000	220,000	-	-
Charity funds	<u>18,334,637</u>	<u>16,510,677</u>	<u>(587,710)</u>	<u>838,000</u>	<u>(15,130,366)</u>	<u>-</u>	<u>19,965,238</u>
Group funds							
General reserve	7,009,165	20,972,724	429,180	-	(16,855,707)	11,022	11,566,384
Revaluation reserve	8,600,000	-	-	-	-	-	8,600,000
Pension reserve	(1,445,000)	(17,000)	-	275,000	146,000	-	(1,041,000)
Group funds	<u>14,164,165</u>	<u>20,955,724</u>	<u>429,180</u>	<u>275,000</u>	<u>(16,709,707)</u>	<u>11,022</u>	<u>19,125,384</u>
Charity funds							
General reserve	7,008,262	17,062,051	429,180	-	(13,734,878)	11,022	10,775,637
Revaluation reserve	8,600,000	-	-	-	-	-	8,600,000
Pension reserve	(1,445,000)	(17,000)	-	275,000	146,000	-	(1,041,000)
Charity funds	<u>14,163,262</u>	<u>17,045,051</u>	<u>429,180</u>	<u>275,000</u>	<u>(13,588,878)</u>	<u>11,022</u>	<u>18,334,637</u>

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22 RESTRICTED FUNDS	As at 1 January 2022	Incoming resources	Resources expended	Transfers	AS AT 31 DECEMBER 2022
	£	£	£	£	£
Capital					
Capital funds	4,779,543	752,088	(442,127)	70,353	5,159,857
Income funds					
RZSS Conservation Fund	2,353	960	(5)	-	3,308
Scottish Wildcat Legacy	-	800,000	-	-	800,000
Budongo Conservation Field Station	91,009	87,350	(50,918)	-	127,441
Giant Armadillo Project (Pantanal)	65,399	11,759	-	-	77,158
Pallas Cat	32,145	31,484	(4,444)	-	59,185
EZ Education Fund	141,466	133,500	(134,017)	-	140,949
HWP Education Fund	2,575	-	-	-	2,575
Accessible Zoo	4,500	-	-	(4,500)	-
Cambodian Genetic project	11,067	3,920	(9,459)	-	5,528
Inclusive Zoo	6,006	27,494	-	(33,500)	-
Cameroon frog and earthworm	-	3,586	(3,586)	-	-
Heart of the Zoo award	1,345	-	(30)	-	1,315
Native Invertebrates	6,131	-	(1,184)	9,665	14,612
Nubian Ibex	4,852	-	(5,324)	-	(472)
RZSS Animal fund	5,507	1,343	(1,564)	-	5,286
Science Specialist Confucius classroom	14,051	21,200	(21,929)	-	13,322
SWA4Life	2,373,785	303,483	(657,873)	-	2,019,395
Flapper Skate	2,505	-	(11)	25,592	28,086
BBR CryoArks	29,054	-	(13,940)	-	15,114
Pine Hoverfly Captive Breeding	7,446	2,350	(28,942)	7,391	(11,755)
Siamese Crocodile	(4,795)	16,457	(13,001)	-	(1,339)
Prey Lang Elephant	7,475	-	(5,394)	-	2,081
Mekong Elephant Project	(1,890)	6,069	(2,473)	-	1,706
Scottish Zoo and Aquarium Conservation Fund	75,001	-	-	(75,001)	-
Gentoo Penguins	-	2,285	(64)	-	2,221
Interpretation	222,837	-	(44,198)	-	178,639
	3,099,824	1,453,240	(998,356)	(70,353)	3,484,355
	7,879,367	2,205,328	(1,440,483)	-	8,644,212

	As at 1 January 2021	Incoming resources	Resources expended	Transfers	As at 31 December 2021
	£	£	£	£	£
Capital funds	4,925,314	492,995	(415,929)	222,837	4,779,543
Income funds					
RZSS Conservation Fund	1,353	1,000	-	-	2,353
Scottish Wildcat Action	746	-	(747)	-	-
Scottish Wildcat	-	-	-	-	-
Budongo Conservation Field Station	104,516	77,297	(90,804)	-	91,009
ZEST	28,471	-	-	(28,471)	-
Giant Armadillo Project (Pantanal)	104,340	60,316	(99,257)	-	65,399
Tayside Beaver	(4)	-	60	(56)	-
Pallas Cat	41,399	18,205	(27,459)	-	32,145
EZ Education Fund	199,786	27,500	(114,291)	28,471	141,466
HWP Education Fund	2,575	-	-	-	2,575
Accessible Zoo	4,500	-	-	-	4,500
Cambodian Genetic project	19,031	-	(7,964)	-	11,067
Inclusive Zoo	6,006	-	-	-	6,006
Cameroon frog and earthworm	5,000	-	(5,000)	-	-
Heart of the Zoo award	1,775	-	(430)	-	1,345
Native Invertebrates	6,131	-	-	-	6,131
Nubian Ibex	11,069	-	(6,217)	-	4,852
RZSS Animal fund	5,053	1,000	(602)	56	5,507
Science Specialist Confucius classroom	15,323	21,400	(22,672)	-	14,051
SWA4Life	1,115,651	1,890,686	(632,552)	-	2,373,785
Flapper Skate	3,463	-	(958)	-	2,505
BBR CryoArks	28,438	14,990	(14,374)	-	29,054
Pine Hoverfly Captive Breeding	8,422	30,410	(31,386)	-	7,446
Siamese Crocodile	3,954	-	(8,749)	-	(4,795)
Prey Lang Elephant	(1,108)	20,481	(11,898)	-	7,475
Mekong Elephant Project	-	908	(2,798)	-	(1,890)
Scottish Zoo and Aquarium Conservation Fund	-	278,659	(203,658)	-	75,001
Interpretation	-	-	-	222,837	222,837
	1,715,890	2,442,851	1,281,757	222,837	3,099,824
	6,641,204	2,935,846	(1,697,686)	-	7,879,367

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22 RESTRICTED FUNDS (CONTINUED)

The above fund balances at 31 December 2021 represent the net amounts available for restricted expenditure. More detail is given below for funds with significant balances.

Capital funds

Capital funds have been invested in fixed assets, with depreciation being charged to the fund over the remaining life of the asset. During the year £38k was transferred into capital funds from the Accessible Zoo and Inclusive Zoo funds as these funds have been used to procure a changing places toilet facility at Edinburgh Zoo. In addition £32,353 was transferred into capital funds from the Pine Hoverfly Captive Breeding fund as these funds have been used to procure portacabin facilities for the project.

Income funds

RZSS Conservation Fund - represents funds from the British Herpetological Society and the Wildfowl and Wetlands Trust to support a project to translocate natterjack toads to Carsethorn on the Solway coast.

Scottish Wildcat Legacy - represents funds received from a legacy for the Scottish wildcat conservation project.

Budongo Conservation Field Station - represents funding received from research students going out to the Budongo Conservation Field Station (BCFS) in Uganda and grants from the Arcus Foundation to fund conservation and research activities at the BCFS.

Giant Armadillo Project - represents funding received from Prince Bernhard Nature Fund, Amneville Zoo, CEPA, CERZA, Natural Research and Seaworld, Kilverstone Wildlife Charitable Trust and Cerza Conservation for the ecological study of the secretive giant armadillo in the Pantanal wetlands of Brazil.

Pallas Cat - represents funds held as a species support fund on behalf of the European Pallas Cat Breeding Programme.

EZ Education - represents income from the City of Edinburgh Council, the Mickle Fund, the Cruden Foundation, the CRH Trust and Baillie Gifford to support our education programmes.

HWP Education Fund - represents funding from the Gordon and Ena Baxter Foundation and the Russell Trust to develop the education programme at the Highland Wildlife Park.

Accessible Zoo - represents funding from The Nancy Roberts Charitable Trust and The Catherine Cookson Charitable Trust to support a project to make physical adaptations onsite and equip and train staff in order that Edinburgh Zoo is accessible to all regardless of ability. The funds have been transferred to capital funds as they are to be used to develop a changing places facility at Edinburgh Zoo.

Cambodian Genetics project - represents grant funding from Flora and Fauna International to develop the capacity of the Royal University of Phnom Penh's Conservation Genetics lab to deliver in-country genetics support for the conservation of threatened species in Cambodia.

Inclusive Zoo - represents funding from the Cruden Foundation, the Castansa Trust and Mitle to support a project to encourage children and young people from special schools to participate in the Edinburgh Zoo education programme. The funds have been transferred to capital funds as they are to be used to develop a changing places facility at Edinburgh Zoo.

Cameroon Frog and Earthworm project - represents grant funding from BIAZA and the Amphibian Survival Alliance to support the conservation of two critically endangered frog species and one endemic earthworm in the grasslands of Cameroon.

Heart of the Zoo Awards - represents donations received from the family and friends of Rob Ollason, a former employee, to fund an annual award to recognise RZSS staff who in the view of their colleagues have shown the most consistent commitment to working to support the values of the Society and its mission statement.

Native Invertebrates - represents funding from the Craignish Trust and the Scottish Zoo and Aquarium Conservation Fund to support the conservation of endangered native invertebrates by rebuilding populations at sites in Scotland where the species have lived in the past.

Nubian Ibx project - represents grant funding from the Government of Oman to support a PhD student to undertake genetic monitoring of the Nubian Ibx.

RZSS Animal Fund - represents donations received on World Rhino Day to support the animal husbandry of the rhinos at Edinburgh Zoo and two immemorial donations in support of the animal husbandry and research of penguins at Edinburgh Zoo.

Science Specialist Confucius Classroom - represents grant funding from the Confucius Institute for Scottish Schools to support the set up and launch of a Confucius Classroom.

SWA4Life - represents grant funding from the European Commission Executive Agency for Small and Medium sized Enterprises and other Associated Beneficiaries (Cairngorm National Park Authority, Consejería de Medio Ambiente y Ordenación del Territorio de la Junta de Andalucía, Forestry and Land Scotland, Nordens Ark and Scottish Natural Heritage), People's Trust for Endangered Species, The National Trust for Scotland and the Scottish Zoo and Aquarium Conservation Fund to fund the SWA4Life project aimed at supporting wildcat recovery through threat mitigation and translocation.

BBR CryoArks - represents grant funding from National Museums Scotland to allow us to hold a frozen collection of non model and endangered animal taxa in our biobank facility at Edinburgh Zoo.

Flapper Skate - represents grant funding from the American Association of Zoo Veterinarians and the Scottish Zoo and Aquarium Conservation Fund to fund an investigation into the physiological responses of flapperskate to capture and surgical implantation of acoustic tags in Scotland.

Pine Hoverfly Captive Breeding - represents funding from Cairngorm National Park Authority and the Scottish Zoo and Aquarium Conservation Fund for the development of facilities and staff time on the pine hoverfly captive breeding project.

Siamese crocodile - represents grant funding from Flora and Fauna International to further develop the capacity of the Royal University of Phnom Penh's Conservation Genetics lab and thereby develop in country conservation of siamese crocodiles in Cambodia.

Prey Lang Elephant - represents funding from the Royal University of Phnom Penh to conduct genetic analysis of the Prey Lang Elephant.

Mekong Elephant Project - represents funding from the Royal University of Phnom Penh to conduct genetic analysis of the Mekong Elephant.

Scottish Zoo and Aquarium Conservation Fund - represents funding from the Scottish Zoo and Aquarium Conservation Fund for three conservation projects negatively impacted by the Covid pandemic; the Conservation Breeding and Release of the Threatened Pond Mud Snail Project, the Flapper Skate Veterinary Monitoring Project and the Pine Hoverfly Conservation Breeding Project. At the end of the year the balance in this fund was transferred to other restricted funds i.e. funds for the pond mud snails of £25,592 have been transferred to the Native Invertebrate fund, funds for flapper skates of £9,665 have been transferred to the Flapper Skate fund and funds for pine hoverfly conservation of £39,744 have been transferred to the Pine Hoverfly Captive Breeding fund.

Gentoo Penguins - represents funding from the American Association of Zoo and Veterinarians and the European College of Zoological Medicine to fund research into aspergillosis in gentoo penguins

Interpretation - represents funding from an anonymous Trust to develop Interpretation at Edinburgh Zoo.

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23 ENDOWMENT FUND

	As at 1 January 2022	Realised /unrealised gains/(losses)	Investment Income	Resources expended	Transfer to unrestricted funds	AS AT 31 DECEMBER 2022
	£	£	£	£	£	£
J W Gibb Fund	606,596	(108,841)		(2,993)		494,762

The above fund is to support the maintenance and upkeep of animals, consistent with our objectives.

24 ANALYSIS OF RESERVES BETWEEN NET ASSETS

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
Fixed assets	16,927,423	5,159,857	-	22,087,280
Investments	2,830,846	-	494,762	3,325,608
Net current assets	5,398,674	3,484,355	-	8,883,029
Long term liabilities	(4,468,461)	-	-	(4,468,461)
Pension deficit	-	-	-	-
	<u>20,688,482</u>	<u>8,644,212</u>	<u>494,762</u>	<u>29,827,456</u>
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
Fixed assets	16,326,738	4,779,543	-	20,960,510
Investments	3,438,627	-	606,596	4,045,223
Net current assets	6,217,280	3,099,824	-	9,317,104
Long term liabilities	(5,670,491)	-	-	(5,670,491)
Pension deficit	(1,041,000)	-	-	(1,041,000)
	<u>19,125,384</u>	<u>7,879,367</u>	<u>606,596</u>	<u>27,611,347</u>
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2022 £
Charlty				
Fixed assets	16,475,723	5,159,857	-	21,635,580
Investments	2,830,848	-	494,762	3,325,610
Net current assets	5,112,105	3,484,355	-	8,596,460
Long term liabilities	(4,453,439)	-	-	(4,453,438)
Pension deficit	-	-	-	-
	<u>19,965,237</u>	<u>8,644,212</u>	<u>494,762</u>	<u>29,104,211</u>
	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £
Fixed assets	16,053,273	4,779,543	-	20,832,816
Investments	3,438,629	-	606,596	4,045,225
Net current assets	5,539,205	3,099,824	-	8,639,028
Long term liabilities	(5,655,469)	-	-	(5,655,468)
Pension deficit	(1,041,000)	-	-	(1,041,000)
	<u>18,334,637</u>	<u>7,879,367</u>	<u>606,596</u>	<u>26,820,600</u>

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25 NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Net income/(expenditure) for the reporting period as per the statement of financial activity	1,372,614	6,004,052	1,440,117	5,214,208
Depreciation charges	1,513,896	1,362,406	1,452,240	1,310,907
(Gain)/loss on Investments	702,046	(511,898)	702,046	(511,898)
(Increase)/Decrease in Stock	(169,872)	38,723	(20,013)	(12,594)
(Increase)/Decrease in Debtors	(31,127)	(192,921)	2,418,961	(1,222,966)
Increase/(Decrease) in Creditors	(797,964)	235,189	(745,365)	77,574
Investment Income	(653,012)	(665,242)	(1,635,198)	(1,170,790)
Interest paid	182,119	97,980	182,119	97,980
Increase/(Decrease) in deferred tax provision	-	(15,485)	-	-
Cash movements in pension scheme	(203,000)	(129,000)	(203,000)	(129,000)
(Gain)/Loss on disposal of tangible fixed assets	28,198	291,044	28,198	291,044
Net cash inflow/(outflow)	<u>1,943,898</u>	<u>6,514,848</u>	<u>3,620,106</u>	<u>3,944,465</u>

26 ANALYSIS OF CHANGES IN NET DEBT DURING THE YEAR

	Group					As at 31 December 2022 £
	As at 1 January 2022 £	New finance lease £	Foreign exchange movement £	Other non-cash changes £	Cashflows £	
Cash held as part of the investment portfolio (note 15)	111,474	-	-	-	74,420	185,894
Cash at bank and in hand	11,885,494	-	5,495	-	(1,427,254)	10,463,735
Loan - Amounts falling due within 1 year	(1,243,896)	-	-	(1,218,349)	1,209,692	(1,252,554)
Loan - Amounts falling due after 1 year	(5,624,861)	-	-	1,218,349	-	(4,406,512)
Finance leases - Amounts falling due within 1 year	(14,191)	(4,326)	-	(15,404)	17,107	(16,814)
Finance leases - Amounts falling due after 1 year	(30,607)	(31,723)	-	15,404	-	(46,926)
	<u>5,083,413</u>	<u>(36,049)</u>	<u>5,495</u>	<u>-</u>	<u>(126,035)</u>	<u>4,926,823</u>

	Charity					As at 31 December 2022 £
	As at 1 January 2022 £	Non cash movement £	Foreign exchange movement	Other non-cash changes	Cashflows £	
Cash held as part of the investment portfolio (note 15)	111,474	-	-	-	74,420	185,894
Cash at bank and in hand	8,618,721	-	5,495	-	1,616,802	10,241,018
Loan - Amounts falling due within 1 year	(1,243,896)	-	-	(1,218,349)	1,209,692	(1,252,554)
Loan - Amounts falling due after 1 year	(5,624,861)	-	-	1,218,349	-	(4,406,512)
Finance leases - Amounts falling due within 1 year	(14,191)	(4,326)	-	(15,404)	17,107	(16,814)
Finance leases - Amounts falling due after 1 year	(30,607)	(31,723)	-	15,404	-	(46,926)
	<u>1,816,640</u>	<u>(36,049)</u>	<u>5,495</u>	<u>-</u>	<u>2,918,021</u>	<u>4,704,106</u>

27 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Increase in cash in the period	(1,347,339)	4,956,232	1,696,717	2,897,421
Cash outflow from debt financing	1,190,749	758,065	1,190,749	758,065
Change in debt resulting from cash flows	(156,590)	5,714,297	2,887,466	3,655,486
Net debt at the beginning of the period	<u>5,083,413</u>	<u>(630,884)</u>	<u>1,816,640</u>	<u>(1,838,846)</u>
Net funds/(debt) at the end of the period	<u>4,926,823</u>	<u>5,083,413</u>	<u>4,704,106</u>	<u>1,816,640</u>

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28 DEFINED BENEFIT PENSION SCHEME

	As at 1 January 2022 £	Provided £	Released £	As at 31 December 2022 £
Group & Charity				
Total pension deficit	(1,041,000)	-	1,041,000	-

At 31 December 2022 the Society owed the defined benefit pension scheme £18,300 (2021: £18,300) in relation to employer's deficit contributions.

Information about the characteristics of the fund

The Fund provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service. The Fund closed to new members on 30 September 2008. The Fund is a registered scheme under UK legislation and is subject to the scheme funding requirements. The Fund is governed by the Fund's trust deed and rules dated 29 April 1970. The Trustee is responsible for the operation and governance of the Fund, including making decisions regarding the Fund's funding and investment strategy in conjunction with the Society.

Information about the risks of the fund to the Society

The Fund exposes the Society to actuarial risks such as; market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk. The Fund does not expose the Society to any unusual fund specific or Society specific risks.

Information about the valuation of the defined benefit obligation at the accounting date

The most recent formal actuarial valuation of the fund was at 1 April 2021. The liabilities at the reporting date have been calculated by updating the results of the formal actuarial valuation of the fund for the assumptions detailed in these disclosures. Allowance has been made for expected mortality over the period, as well as actual movement in financial conditions since the valuation date. Such an approach is normal for the purposes of accounting disclosures. It is not expected that these projections will be materially different from a summation of individual calculations at the accounting date, although there may be some discrepancy between the actual liabilities for the Fund at the accounting date and those included in the disclosures.

Information about the most recent actuarial valuation and expected future cashflows to and from the Fund

The valuation as at 1 April 2021 revealed a funding deficit of £2.465m. In the Recovery Plan dated 29 April 2022 the Society agreed to pay contributions of £219,600 over the next 6 years and 6 months. The contributions paid by the Society are reviewed every 3 years as part of each formal actuarial valuation. The Funds next actuarial valuation is due at 1 April 2024. In addition the Society is expected to meet the cost of administrative expenses for the Fund.

The Fund's investment strategy

The Trustee of the Fund has reviewed the Fund's investment Strategy in November 2022 and decided to de-risk the strategy. The Fund's revised investment strategy is to invest broadly 40% in return seeking assets and 60% in matching assets. This strategy reflects the Fund's liability profile and the Trustee's and Society's attitude to risk. The fund holds a number of annuity policies which match a portion of the pensions in payment.

The major assumptions used by the actuary were (in normal terms) as follows:

	As at 31 December 2022 %	As at 31 December 2021 %
Discount rate	4.80	1.80
Inflation assumption (RPI pre 2030)	3.20	3.35
Inflation assumption (RPI post 2030)	2.90	3.05
Inflation assumption (CPI pre 2030)	2.20	2.35
Inflation assumption (CPI post 2030)	2.90	3.05
LPI pension Increase (pre 2030)	2.25	2.35
LPI pension Increase (post 2030)	2.85	2.95
Cash commutation	100% take max cash	100% take max cash
	As at 31 December 2022	As at 31 December 2021
Assumed life expectancies on retirement at age 65 are:		
Retiring today - Males	21.80	21.90
Retiring today - Females	24.00	24.20
Retiring in 20 years time - Males	23.10	23.20
Retiring in 20 years time - Females	25.40	25.70
	Value at 2022 £000	Value at 2021 £000
The assets in the scheme were:		
Equities	6,516	7,137
Bonds	1,100	1,679
Cash	134	124
Insured Pensioners	459	600
Fair value of scheme assets	<u>8,209</u>	<u>9,540</u>

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28 DEFINED BENEFIT PENSION SCHEME (CONTINUED)

	Value at 2022 £000	Value at 2021 £000	
The amounts recognised in the statement of financial position are as follows:			
Present value of funding obligations	(6,904)	(10,581)	
Fair value of scheme assets	8,209	9,540	
Surplus/(Deficit) in funded scheme	1,305	(1,041)	
Restriction on asset recognition	(1,305)	-	
Net amount recognised at year end	<u>-</u>	<u>(1,041)</u>	
Reconciliation of opening and closing balances of the present value of the defined benefit obligation			
	As at 31 December 2022 £000	As at 31 December 2021 £000	
Benefit obligation at beginning of year	10,581	10,700	
Interest cost	188	132	
Actuarial (gain)/losses	(3,593)	35	
Benefits paid	(272)	(286)	
Past service cost	-	-	
Benefit obligation at end of period	<u>6,904</u>	<u>10,581</u>	
Reconciliation of opening and closing balances of the fair value of fund assets.			
	As at 31 December 2022 £000	As at 31 December 2021 £000	
Fair value of fund assets at beginning of year	9,540	9,540	
Interest income on fund assets	171	115	
Return on assets, excluding interest income	(1,450)	310	
Contributions by employers	220	146	
Benefits paid	(272)	(286)	
Fair value of fund assets at end of year	<u>8,209</u>	<u>9,825</u>	
The return on Fund assets was:			
	As at 31 December 2022 £000	As at 31 December 2021 £000	
Interest income	171	115	
Return on Fund assets (excluding amount included in net interest expense)	(1,450)	310	
Total return on planned assets	<u>-</u>	<u>425</u>	
The amount recognised in the Statement of Financial Activity:			
	2022 £000	2021 £000	
Net interest on the net defined benefit liability	17	17	
Charge/(credit) recognised in the Statement of Financial Activity	<u>17</u>	<u>17</u>	
Remeasurement of the net liability/(asset)			
	2022 £000	2021 £000	
Actuarial (gain)/losses on the liabilities	(3,593)	35	
Return on assets, excluding interest income	1,450	(310)	
Adjustment for restrictions on the asset recognised	1,305	-	
Total measurement of the defined benefit liability (asset) to be shown in the Statement of Financial Activity	<u>(838)</u>	<u>(275)</u>	
Total defined benefit cost/(credit)	<u>(821)</u>	<u>(258)</u>	
Sensitivity analysis			
A sensitivity analysis of the principal assumptions used to measure the scheme liabilities			
	Assumption	Increase in assumption £000	Decrease in assumption £000
Discount rate	Change by 0.25%	(218)	230
Rate of inflation (RPI)	Change by 0.25%	155	(149)
Assumed life expectancy at age 65	Change by 1 year	221	(223)
Estimation of next period's profit or loss			
	2023 £000	2022 £000	
Net interest on the net defined benefit liability	(5)	16	
	<u>(5)</u>	<u>16</u>	

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29 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The group's minimum operating lease payments are as follows:

	Group		Charity	
	2022 Total £	2021 Total £	2022 Total £	2021 Total £
Within one year	147,988	47,889	141,628	46,224
Within 2-5 years	457,663	78,977	439,643	78,977
In 5 years or more	900,000	135,000	900,000	135,000
	<u>1,505,651</u>	<u>261,866</u>	<u>1,481,271</u>	<u>260,201</u>

Operating lease payments of £191,224 were paid in the year (2021: £137,612).

A two year agreement (from December 2021 to December 2023) regarding the Giant Pandas requires a protection funding payment of \$500k to be paid annually to the China Wildlife Conservation Association (CWCF). The last payment was due to be made in December 2022. However payment has been postponed pending further negotiation with CWCF.

The Society has entered into a commitment in relation to the installation of a solar meadow at Edinburgh Zoo for £1.3m. Settlement of the balance is due in 2023. In addition the Society has entered into commitments to build a three new visit hubs at the Highland Wildlife Park. The total sum committed at 31 December 2022 was £2.6m for build costs and £100k for interpretation costs. As at 31 December 2022 £98k has been paid for the build and £73k for the interpretation. Settlement of the balances is expected before 1 April 2024.

30 OPERATING LEASES

The group holds surplus land at Edinburgh Zoo as an investment property as disclosed in note 14 which is let to a third party. This non cancellable lease has a remaining term of 48 years.

	Group & Charity	
	2022 Total £	2021 Total £
Future minimum rentals receivable under non-cancellable operating leases are as follows:		
Not later than one year	550,000	550,000
After one year but not more than five years	2,200,000	2,200,000
After five years	<u>23,237,500</u>	<u>23,787,500</u>
	<u>25,987,500</u>	<u>26,537,500</u>

31 FINANCIAL INSTRUMENTS

Financial assets
Measured at fair value through the profit and loss account

	Group & Charity	
	2022 £	2021 £
	<u>3,139,714</u>	<u>3,933,749</u>

Financial assets measured at fair value through the statement of financial activities are listed investments.

32 ARK ENTERPRISES LIMITED

The retail and catering businesses at Edinburgh Zoo and the Highland Wildlife Park are carried out by the Society's wholly owned subsidiary company, Ark Enterprises Limited (SC 121528), which is incorporated in the United Kingdom.

The turnover and net contribution to the Society from this company was

	2022 £	2021 £
Turnover	5,357,954	4,667,678
Raw materials and consumables	<u>(3,526,550)</u>	<u>(2,662,934)</u>
Gross profit	1,831,404	2,004,744
Staff costs	(564,758)	(343,180)
Other operating charges	(1,021,786)	(456,651)
Other operating income	669,822	38,546
Tax on profit	-	51,937
Net profit for the year before gift aid donation	<u>914,682</u>	<u>1,295,396</u>
Gift aid donation to the Society	(982,187)	(505,549)
Shareholders' funds	<u>723,244</u>	<u>790,749</u>

Each year the company donates all of its net distributable taxable profits to the Society under the gift aid scheme on a cash basis.

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33 RELATED PARTY TRANSACTIONS

Ark Enterprises Ltd is RZSS's wholly owned subsidiary. Management charges of £490,000 (2021: £290,000), charitable donations of £982,187 (2021: £505,549) and staff costs recharged of £564,758 (2021: £343,180) were received in the year. There was a debtor due from the subsidiary of £146,085 (2021: £2,625,284) at the year end.

During the year the Society spent £4,725 (2021: £7,088) on an annual membership of the Scottish Environmental Link, an organisation whose Trustees include Deborah Long and Karen Blackport.

During the year the Society received a grant of £20,000 (2021: £20,000) from the Peoples Trust for Endangered Species, an organisation whose CEO is Andrew Kitchner.

During the year the Society paid £12,794 (2021: £7,373) to the British and Irish Association of Zoos and Aquariums, £6,283 (2021: £9,312) to the European Association of Zoos and Aquaria, and £2,203 (2021: £2,203) to the World Zoo and Aquarium Association, all organisations whose Trustees include David Field.

In 2021 the Society received a grant of £14,990 from National Museums Scotland, an organisation whose Trustees include Mary Bownes. No grant income was received in 2022.

34 ULTIMATE CONTROLLING PARTY

The charity is controlled by the Trustees.