



THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Annual Report and Consolidated Financial Statements
For the year ended 31 December 2021

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

Company Information

Contents

	Page
Company Information	2
Trustees' annual report	
Structure, governance and management	4
Objectives and activities	6
Achievements and performance	7
Financial review	9
Plans for the future	11
Statement of Trustees' Responsibilities	12
Independent auditors' report to the members	13
Consolidated statement of financial activities	16
Charity statement of financial activities	17
Consolidated balance sheet	18
Cash flow statements	19
Notes to the consolidated financial statements	20

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Company Information

Royal Patron

HRH The Princess Royal

President

Ian Marchant

Board of Trustees

Professor Mary Bownes OBE, DPhil, CBiol, FRSB, FRES, FRSE	Chair
Dr Thomas Mitchell CA, OSTJ Ω	Honorary Treasurer and was Chair of Audit and Risk Management Committee until January 2021
Sandy Batho MA, FCI ^{PD} [^]	Chair of Nominations and Remuneration Committee
Lynne Bell FCCA Ω	Chair of Audit and Risk Management Committee from January 2021
Dr Karen Blackport BSc, PhD, MBA	
Peter Budd CBE, BSc, CEng, FICE, MI Struct E, FCI ^{OB} , FRSA	
Kerry Falconer FIOBS, MBA	Vice Chair from October 2020
John Fitzgerald BSc (Hons), FCI ^{PD} [^] 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, Fl ^{nstP} Ω	
Dr Richard Rutnagur BA (Oxon), PhD	
Professor Roger Wheeler OBE, FRSE [^]	
Andrew Kitchener	Appointed September 2021
Katie Lennox	Appointed September 2021

Chief Executive

David Field BSc MBA

Independent Committee appointments

Neil Dunn	Independent member of the Audit and Risk Management Committee (resigned January 2021)
Aitken Ross	Independent member of the Audit and Risk Management Committee (appointed April 2021)

Ω member of the Audit & Risk Management Committee during the year
[^] member of the Nomination and Remuneration Committee during the year

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Company 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

Internal auditors

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Principal bankers

Bank of Scotland
300 Lawnmarket
Edinburgh
EH1 2PH

Investment advisors

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

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 Audit & Risk Management Committee, which met four times in the year, comprises one Board member as Chairman, two 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;
- 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.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

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 sub-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 Head of Human Resources.

Risk management

The Society's risk register is reviewed at each meeting of the 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 risk to the Society in 2022 is the ongoing impact of the pandemic and potential economic downturn. Visitor and income targets have been set conservatively in 2022 in response to the return to more normal conditions post pandemic. A modest surplus has been targeted. Bank borrowing remains in place and is providing increased liquidity.

Internal audit

The Society's Internal Audit function provides assurance to the Audit and Risk Management Committee over the operations of the Society's systems of governance, risk management and internal control.

Delivery of internal audit is outsourced to Wylie and Bisset LLP, who were appointed in November 2018 following a competitive tender. Their three-year term finished at the end of 2021 and the Society are considering replacement options.

Remuneration of key management

The Society's Nominations and Remuneration Committee sets the pay level of the Chief Executive 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.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

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 2021 were:

- 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;
- seeking funding and working in partnership to further enhance our research and conservation programmes and improve our facilities;
- Continuing to fulfil our mission objectives.

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.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

Achievements and performance

Membership

Membership grew 29% from 31,275 in 2020 to a record 40,220. 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	55
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, collation of membership packs 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. During 2021 we continued to engage with and communicate with our volunteers even while we were closed or restrictions meant that we couldn't have them on site, which has ensured retention during this unprecedented time.

Visitors

Edinburgh Zoo welcomed 568,000 visitors in 2021, an increase of 92% on 2020. This significant increase was due to the return to more normal operations following 2020 which was impacted by the pandemic lockdowns. The pandemic closed the park in the first quarter of 2021 which had a lower impact than the wider closures in 2020 (mid-March to the end of June with visitor numbers then restricted for the remainder of the year). At the Highland Wildlife Park the number of visitors was 149,000, a 43% increase on 2019. This increase was similarly linked to the removal of pandemic related restrictions.

Conservation and research

Native species conservation

Wildcats - In 2021, RZSS established the foundations of the Saving Wildcats project, which is the first step in the recovery of wildcat to Scotland. Key activities included construction of the breeding-for-release centre at Highland Wildlife Park and extensive ecological surveys of the potential release site.

Pine hoverfly - The first releases of this critically endangered invertebrate were conducted at three sites in the Cairngorms National Park. In total of 2,800 insects bred at the RZSS Highland Wildlife Park were released back to the wild.

Beavers- after campaigning by RZSS and others, the government policy on beaver releases was finally relaxed, meaning that translocations will be allowed across the rest of Scotland. RZSS continued to work on genetic analysis to support Natural England with decisions on beaver translocations.

Capercaillie- RZSS WildGenes continued to work on genetic analysis to support the conservation of capercaillie populations in conjunction with the Cairngorms Capercaillie Project.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

International and overseas territories conservation

Budongo Conservation Field Station Uganda - The field team were able to continue critical monitoring and protection of Chimpanzees in the Budongo Forest during the Covid-19 crisis. Some student researchers were able to return by the end of the year, but restrictions are still impacting scientific and conservation work at the camp.

Pantanal and Cerrado (Giant armadillos & anteaters) – Support continued to this long-term project with the team experiencing the worst fire conditions in 100 years (even worse than last year). The team continued to help to establish and equip a local firefighting task force and RZSS was able to support the project's vehicle capacity with an additional grant.

Gough Island - The RZSS veterinary team assisted with this incredibly challenging project led by the RSPB on Gough Island with the aim of protecting Gough's bird-life from the effects of predation by mice. RZSS vets travelled to Gough to assist with the care of Gough moorhen and Gough bunting during the bait drop and supported the project throughout its duration with veterinary advice.

Antelopes - RZSS WildGenes continued to deliver genetic advice to support the recovery of critically endangered antelope species. This included, the first ever global genetic assessment of addax, providing genetic data to support the captive breeding of dama gazelles within Chad and providing genetic data to support the selection of scimitar-horned oryx for release in Chad.

Conservation genetics in Cambodia - The RZSS WildGenes lab continued to establish the capacity for Cambodia to support the monitoring of illegal trade in ivory. The team delivered the final report to DEFRA with FFI on this inception project, and continued work in support of the Siamese crocodile's conservation breeding programme.

Pallas's cat - RZSS continued with the Pallas's cat conservation programme, providing small grants and technical support to researchers across central Asia to complete vital research on this understudied species. The project has initiated a comparative study across three range countries (Kyrgyzstan, Nepal, and Mongolia) to examine dog threat to Pallas's cat.

WildGenes

The WildGenes lab continues to use genetic data to inform conservation management policies around the world. Aside from the project mentioned above, work was ongoing on Himalayan wolf, Nubian ibex, giraffe, lion, northern rockhopper penguin, African penguin and other species. We continue to act as a biobanking hub for two biobanking projects. WildGenes published the first ever genetic study of Nubian ibex and genetic data produced by the lab was included in a review of wolf, dog and jackal taxonomy.

Research

RZSS continued to play a lead role in conducting scientific research through the work of its field, WildGenes and veterinary teams. The giant armadillos & anteaters project produced a range of scientific articles including one on road mortality in giant anteaters, and another which estimated the lifespan of the giant armadillo. The veterinary team continued research into the critically endangered flapper skate on the west coast of Scotland. WildGenes research is listed in the relevant sections above. RZSS continued to play a key role in facilitating world ranking primatology research through its management of the Living Links facility and the Budongo Research Unit (BRU), led by the University of St Andrews in partnership with RZSS Edinburgh Zoo.

Engagement

With restrictions continuing to be in place during 2021 we built on our work of 2020. We focused on digital, virtual and blended learning with the developments of ZOOdle. We created 65 new courses in support of Edinburgh Zoo and the Highland Wildlife Park daily activity, events and RZSS mission. ZOOdle numbers grew to 902,388 interactions over the year with 64,376 individual households recorded. Taken from our learning over 2020 and a focus on development of programmes for new audiences spanning generations. These included Joeys and Roos to connect families at the start of their journey; RZSS Wild Learning for home-schoolers; STEM Solutions for teens and their adults; and Zoo Studies for young adults and adults. New and adapted suite of online and blended learning opportunities for schools, providing multiple interactions with RZSS content that deepen connections to nature and empower groups to take action for wildlife. A transformational focus and a

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

huge development within the team was the creating of the Community and Discovery Manager post and the supporting team, taking the previous talk programme, volunteers and the start of the journey developing a strategic community programme. During 2021 we created partnerships with community groups such as Sick Kids, Brain Tumour Charity, Edinburgh Council and Cyrenians, offering opportunities families and community groups to enjoy the zoo, zoo events, and virtual sessions. Our digital and on-site learner and community engagement numbers were 35,828, over 5,000 learners higher than in 2019. On site the giraffe and the sloth and armadillo house were a focus for our interpretation team.

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 mission, aims, geography, facilities, expertise, history and budget.

During 2021 there have been many births at Edinburgh Zoo the Highland Wildlife Park, the most memorable being the Asian small-clawed otters, Cape porcupine, pygmy hippo, Amur tigers, European elk, common crane and polar bear. Arrivals to both parks included Himalayan monal pheasant, a number of wild cats for the program, Bagot goats, Henkel's leaf-tailed geckos, and Nubian giraffe. Meanwhile, our ongoing success in breeding and releasing pine hoverfly reminds us of the importance of the work we do with the endangered species we house in our collections.

Financial review

Trading performance

Visitors to both parks increased substantially in 2021 due to the easing of pandemic restrictions resulting in an 86% increase in admissions income to £9.1m. Trading income from retail and catering also increased significantly by 81% to £4.5m. The record membership level increased membership income by 47% to £2.1m.

Restricted income was £1.8m higher in 2021 due to the second EU Life support payment and monies received in support of the Scottish Wildlife Discovery Centre at HWP. Grants, donations and legacies was £1.1m higher with continued support from corporates, the public and government.

Costs were reduced in 2020 in response to the pandemic. In 2021 costs increased by £2.7m, but well below the rate of increased income. The main cost increase was related to the additional volume of trading activity across both sites.

Conservation and science costs increased by £0.3m as the Wildcat project got fully up and running. Support costs were up by £1m. The majority of this was related to the increased volume of business with higher utility costs, cleaning costs, waste disposal and additional maintenance as the parks became busier.

The investment portfolio performed well in 2021, delivering a gain of £512k.

Overall the Society achieved a net surplus of £6.0m in 2021 (2020 deficit £1.3m). The net movement in funds for the year was a surplus of £6.3m (2019 deficit £2.5m) after taking account the valuation of the pension fund.

Principal income movements (£m)

Income 2020	£14.3
Visitors	£4.2
Trading (retail/catering)	£2.0
Membership	£0.7
Restricted	£1.8
Grants, donations and legacies	£1.1
Job Retention Scheme	-£0.2
Income 2021	£23.9

Principal expense movements (£m)

Expenditure 2020	£15.7
Trading (retail/catering)	£1.2
Other Costs	£0.2
Conservation	£0.3
Support Costs	£1.0
Expenditure 2021	£18.4

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

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 2021 in accordance with the requirements of Financial Reporting Standard 102. The pension deficit is £1,041,000 at 31 December 2020 (2019: £1,445,000). This decrease in deficit is due to the combined impact of the funding position, discount rates and market conditions; all external factors.

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 £4.0m (2020: deficit £0.8m). Free reserves increased in 2021 as a result of the surplus and continued investment in the estate at Edinburgh Zoo and HWP. The Board is committed to maintaining the charity's reserves in the future.

Going Concern

The financial statements have been prepared on a going concern basis. The Trustees have considered relevant information, including current reserves and cash balances, forecast future cash flows and the impact of subsequent events in making their assessment. In response to the COVID pandemic which continues to have a bearing upon operations, the Trustees have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios. The Trustees have concluded that given the surplus generated last year despite covid restrictions, the current trading conditions and the current level of resources available, they can continue to adopt the going concern basis in preparing the annual report and accounts.

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 Audit and Risk Management Committee receive regular reports and are satisfied with the performance of the portfolio during 2021 considering the general performance of the market.

During 2021 the portfolio increased in value by 14% to £4 million.

Taxation

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 gifted its net distributable taxable profits to the Society in 2019 and 2020. These represent qualifying donations under s191 to s202 of the Corporation Tax Act 2010. Consequently, Ark has a small liability to corporation tax of £15k in 2020 (2020: £36k).

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

Auditors

Henderson Loggie LLP were re-appointed as the Society's external auditors at the AGM in May 2021. 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, which will be launched at the AGM in May 2022, determines the impact the Society wishes to have over the defined period.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

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

28 April 2022

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 2021

Opinion

We have audited the financial statements of The Royal Zoological Society of Scotland (the 'charity') for the year ended 31 December 2021 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 2021 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 Regulations 6 & 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 2021

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.

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 2021

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

12 May 2022

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Consolidated Statement of Financial Activities For the year ended 31 December 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total 2021 £	Total 2020 £
Income and endowments from:						
Donations and legacies	2	2,458,404	2,890,100	-	5,348,504	2,467,642
Charitable activities	3	12,148,179	45,747	-	12,193,926	7,482,311
Other trading activities	4	5,683,916	-	-	5,683,916	3,604,092
Investments	5	654,220	-	11,022	665,242	655,782
Other	6	11,005	-	-	11,005	54,784
Total income and endowments		20,955,724	2,935,847	11,022	23,902,593	14,264,611
Expenditure on:						
Raising funds	7	4,647,744	-	3,048	4,650,792	3,180,922
Charitable activities	8	12,061,962	1,697,684	-	13,759,646	12,549,452
Total expenditure		16,709,707	1,697,684	3,048	18,410,439	15,730,374
Gross transfers between funds	22,23	11,022	-	(11,022)	-	-
Gains/(losses) on investment assets	15,23	429,180	-	82,718	511,898	152,872
Net income/expenditure		4,686,219	1,238,163	79,670	6,004,052	(1,312,891)
Other recognised gains/losses						
Gains/(losses) on investment property	14	-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension scheme	28	275,000	-	-	275,000	(1,172,200)
Other gains/(losses)		-	-	-	-	-
Net movement in funds		4,961,219	1,238,163	79,670	6,279,052	(2,485,091)
Reconciliation of funds						
Total funds brought forward at 1 January 2021	21-23	14,164,165	6,641,204	526,926	21,332,295	23,817,386
Total funds carried forward at 31 December 2021	21-23	19,125,384	7,879,367	606,596	27,611,347	21,332,295

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 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total 2021 £	Total 2020 £
Income and endowments from:						
Donations and legacies	2	2,419,858	2,890,100	-	5,309,958	2,464,853
Charitable activities	3	12,148,179	45,747	-	12,193,926	7,482,311
Other trading activities	4	1,016,240	-	-	1,016,240	1,033,796
Investments	5	1,159,769	-	11,022	1,170,791	992,590
Other	6	301,005	-	-	301,005	244,784
Total income and endowment		17,045,051	2,935,847	11,022	19,991,920	12,218,334
Expenditure on:						
Raising funds	7	1,526,915	-	3,048	1,529,963	1,134,645
Charitable activities	8	12,061,962	1,697,684	-	13,759,646	12,549,452
Total resources expended		13,588,878	1,697,684	3,048	15,289,610	13,684,097
Gross transfers between funds	21,23	11,022	-	(11,022)	-	-
Gains/(losses) on investment assets	15,23	429,180	-	82,718	511,898	152,872
Net income/expenditure		3,896,375	1,238,163	79,670	5,214,208	(1,312,891)
Other recognised gains/losses						
Gains/(losses) on investment property	14	-	-	-	-	-
Actuarial gains/(losses) on defined benefit pension scheme	28	275,000	-	-	275,000	(1,172,200)
Other gains/(losses)		-	-	-	-	-
Net movement in funds		4,171,375	1,238,163	79,670	5,489,208	(2,485,091)
Reconciliation of funds						
Total funds brought forward at 1 January 2021	21-23	14,163,262	6,641,204	526,926	21,331,392	23,816,483
Total funds carried forward at 31 December 2021	21-23	18,334,637	7,879,367	606,596	26,820,600	21,331,392

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 2021

	Notes	Group		Charity	
		2021 £	2020 £	2021 £	2020 £
Fixed assets	14	20,960,510	21,307,385	20,832,816	21,134,215
Investments	15	4,045,223	3,537,315	4,045,225	3,537,317
Current assets					
Stocks	16	292,550	331,273	98,286	85,692
Debtors	17	1,682,229	1,489,308	4,192,686	2,969,720
Cash at bank and in hand		11,885,494	6,864,033	8,618,721	5,656,071
		13,860,272	8,684,614	12,909,693	8,711,483
Creditors: amounts falling due within one year	18	(4,543,167)	(3,864,557)	(4,270,665)	(3,749,669)
Net current assets / (liabilities)		9,317,105	4,820,057	8,639,028	4,961,814
Total assets less current liabilities		34,322,838	29,664,757	33,517,069	29,633,346
Creditors: amounts falling due after one year	19	(5,655,468)	(6,856,954)	(5,655,468)	(6,856,954)
Provision for other liabilities	20	(15,023)	(30,508)	-	-
Defined benefit pension scheme liability	28	(1,041,000)	(1,445,000)	(1,041,000)	(1,445,000)
Net assets		27,611,347	21,332,295	26,820,600	21,331,392
Funds					
Unrestricted reserves	21				
General reserve		11,566,384	7,009,165	10,775,637	7,008,262
Revaluation reserve		8,600,000	8,600,000	8,600,000	8,600,000
Pension reserve	28	(1,041,000)	(1,445,000)	(1,041,000)	(1,445,000)
Total unrestricted reserves		19,125,384	14,164,165	18,334,637	14,163,262
Restricted funds	23	7,879,367	6,641,204	7,879,367	6,641,204
Endowment funds	23	606,596	526,926	606,596	526,926
		27,611,347	21,332,295	26,820,600	21,331,392

The financial statements were approved and authorised for issue by the Board on 28 April 2022

Dr Thomas Mitchell
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 2021

Group	Notes	2021 £	2021 £	2020 £	2020 £
Net cash inflow from operating activities	25		6,514,848		32,922
Investing activities					
Payments to acquire investments		(407,939)		(99,387)	
Payments to acquire tangible fixed assets		(1,307,658)		(2,244,744)	
Proceeds from disposal of investments		346,700		158,978	
Proceeds from disposal of tangible fixed assets		1,083		9,708	
Investment income		<u>665,242</u>		<u>655,782</u>	
			(702,572)		(1,519,663)
Financing activities					
Bank loans repaid		(785,450)		7,363,066	
Finance leases drawn		37,988		-	
Finance leases repaid		(10,603)		(7,437)	
Interest paid		<u>(97,980)</u>		<u>(29,195)</u>	
			(856,045)		7,326,434
(Decrease)/Increase in cash	27		<u><u>4,956,231</u></u>		<u><u>5,839,693</u></u>

Charity	Notes	2021 £	2021 £	2020 £	2020 £
Net cash inflow from operating activities	25		3,944,465		(1,215,910)
Investing activities					
Payments to acquire investments		(407,939)		(99,387)	
Payments to acquire tangible fixed assets		(1,301,635)		(2,217,751)	
Proceeds from disposal of investments		346,700		158,978	
Proceeds from disposal of tangible fixed assets		1,083		9,708	
Investment income		<u>1,170,791</u>		<u>992,590</u>	
			(191,000)		(1,155,862)
Financing activities					
Bank loans repaid		(785,450)		7,363,066	
Finance leases drawn		37,988		-	
Finance leases repaid		(10,603)		(7,437)	
Interest paid		<u>(97,980)</u>		<u>(29,195)</u>	
			(856,045)		7,326,434
(Decrease)/Increase in cash	27		<u><u>2,897,420</u></u>		<u><u>4,954,662</u></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 2021

1 Principal accounting policies

Basis of preparation

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 (£).

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including current reserves and cash balances, forecast future cash flows and the impact of subsequent events in making their assessment. In response to the COVID pandemic which continues to have a bearing upon operations, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios. The Directors have concluded that given the surplus generated last year despite covid restrictions, the current trading conditions and the current level of resources available, 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.

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 2021

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.

Non basic financial instruments include all derivatives such as foreign exchange forward contracts and interest rates swaps. All are recognised on the balance sheet and measured at fair value. This means that at each period end the instrument is revalued and the movement is recognised in the SOFA.

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 2021

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 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.

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.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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 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.

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 ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

**Notes to the Consolidated Financial Statements
For the year ended 31 December 2021**

The value of the deficit 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.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

2 Donations and legacies

Group	Unrestricted £	Restricted £	Endowment £	2021 £	2020 £
Grants	684,041	2,703,991	-	3,388,032	1,158,246
Donations	1,318,487	186,109	-	1,504,596	1,152,769
Legacies	455,876	-	-	455,876	156,627
	<u>2,458,404</u>	<u>2,890,100</u>	<u>-</u>	<u>5,348,504</u>	<u>2,467,642</u>
Year end 31 December 2020	<u>1,351,913</u>	<u>1,115,729</u>	<u>-</u>	<u>2,467,642</u>	
Charity					
Grants	645,495	2,703,991	-	3,349,486	1,158,246
Donations	1,318,487	186,109	-	1,504,596	1,149,980
Legacies	455,876	-	-	455,876	156,627
	<u>2,419,858</u>	<u>2,890,100</u>	<u>-</u>	<u>5,309,958</u>	<u>2,464,853</u>
Year end 31 December 2020	<u>1,349,124</u>	<u>1,115,729</u>	<u>-</u>	<u>2,464,853</u>	

The Society received the following Government grants:

	2021 £	2020 £
Scottish Government	678,659	-
Edinburgh City Council	42,700	21,999
Highland Council	28,500	-
Nature Scotland	42,796	-
European Commission/Executive Agency for Small and Medium Sized Enterprises	1,282,517	-
Forest and Land Scotland	9,800	-
National Lottery Fund	23,533	71,840
Visit Scotland	144,000	-
	<u>2,252,505</u>	<u>93,839</u>

3 Income from charitable activities

Charity and Group	Unrestricted £	Restricted £	Endowment £	2021 £	2020 £
Admissions - Edinburgh Zoo	7,126,588	-	-	7,126,588	3,479,262
Admissions - Highland Wildlife Park	1,986,828	-	-	1,986,828	1,395,397
Animal adoption	262,610	-	-	262,610	267,994
Membership subscriptions	2,065,647	-	-	2,065,647	1,406,963
Education	106,909	-	-	106,909	42,312
Conservation	313	45,747	-	46,060	4,383
Coronavirus Job Retention Scheme	205,016	-	-	205,016	562,581
Other income	394,268	-	-	394,268	323,419
	<u>12,148,179</u>	<u>45,747</u>	<u>-</u>	<u>12,193,926</u>	<u>7,482,311</u>
Year end 31 December 2020	<u>7,477,538</u>	<u>4,773</u>	<u>-</u>	<u>7,482,311</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 then enabled the Society to reclaim tax directly from the Government on the total paid by the visitor.

4 Income from other trading activities

Group	Unrestricted £	Restricted £	Endowment £	2021 £	2020 £
Retail operations - Edinburgh Zoo	1,795,244	-	-	1,795,244	952,298
Retail operations - Highland Wildlife Park	437,378	-	-	437,378	287,543
Catering operations - Edinburgh Zoo	1,936,958	-	-	1,936,958	927,687
Catering operations - Highland Wildlife Park	367,785	-	-	367,785	332,897
Events	970,508	-	-	970,508	953,409
Other income	176,043	-	-	176,043	150,258
	<u>5,683,916</u>	<u>-</u>	<u>-</u>	<u>5,683,916</u>	<u>3,604,092</u>
Year end 31 December 2020	<u>3,604,092</u>	<u>-</u>	<u>-</u>	<u>3,604,092</u>	
Charity					
Events	970,508	-	-	970,508	953,409
Other income	45,732	-	-	45,732	80,387
	<u>1,016,240</u>	<u>-</u>	<u>-</u>	<u>1,016,240</u>	<u>1,033,796</u>
Year end 31 December 2020	<u>1,033,796</u>	<u>-</u>	<u>-</u>	<u>1,033,796</u>	

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

5 Investment income

	Unrestricted £	Restricted £	Endowment £	2021 £	2020 £
Group					
Rent from land & buildings	587,832	-	-	587,832	593,297
Income from listed investments	65,131	-	11,022	76,153	61,462
Interest	1,257	-	-	1,257	1,023
	<u>654,220</u>	<u>-</u>	<u>11,022</u>	<u>665,242</u>	<u>655,782</u>
Year end 31 December 2020	<u>647,457</u>	<u>-</u>	<u>8,325</u>	<u>655,782</u>	

	Unrestricted £	Restricted £	Endowment £	2021 £	2020 £
Charity					
Rent from land & buildings	587,832	-	-	587,832	593,297
Income from listed investments	65,131	-	11,022	76,153	61,462
Interest	1,257	-	-	1,257	1,023
Charitable donation from Ark Enterprises Limited	505,549	-	-	505,549	336,808
	<u>1,159,769</u>	<u>-</u>	<u>11,022</u>	<u>1,170,791</u>	<u>992,590</u>
Year end 31 December 2020	<u>984,265</u>	<u>-</u>	<u>8,325</u>	<u>992,590</u>	

Included within the investment income of the charity is £336,808 (2019: £960,060) donated by the Charity's subsidiary, Ark Enterprises Limited, under the Government's Gift Aid scheme.

6 Other income

	Unrestricted £	Restricted £	Endowment £	2021 £	2020 £
Group					
Utility recharge	-	-	-	-	41,873
Other	11,005	-	-	11,005	12,911
	<u>11,005</u>	<u>-</u>	<u>-</u>	<u>11,005</u>	<u>54,784</u>
Year end 31 December 2020	<u>54,784</u>	<u>-</u>	<u>-</u>	<u>54,784</u>	

	Unrestricted £	Restricted £	Endowment £	2021 £	2020 £
Charity					
Compensation	-	-	-	-	-
Utility recharge	-	-	-	-	41,873
Other	11,005	-	-	11,005	12,911
Management recharge from subsidiary	290,000	-	-	290,000	190,000
	<u>301,005</u>	<u>-</u>	<u>-</u>	<u>301,005</u>	<u>244,784</u>
Year end 31 December 2020	<u>244,784</u>	<u>-</u>	<u>-</u>	<u>244,784</u>	

7 Expenditure on raising funds

	Unrestricted £	Restricted £	Endowment £	2021 £	2020 £
Group					
Fundraising	338,813	-	-	338,813	249,565
Membership	135,009	-	-	135,009	154,480
Retail operations - Edinburgh Zoo	1,036,125	-	-	1,036,125	612,053
Catering operations - Edinburgh Zoo	1,617,947	-	-	1,617,947	955,364
Retail operations - Highland Wildlife Park	260,545	-	-	260,545	178,800
Catering operations - Highland Wildlife Park	252,209	-	-	252,209	253,114
Corporation tax	(51,937)	-	-	(51,937)	10,641
Investment management costs	17,377	-	3,048	20,425	18,215
Other costs	5,940	-	-	5,940	36,305
Support costs (Note 9)	1,035,716	-	-	1,035,716	712,385
	<u>4,647,744</u>	<u>-</u>	<u>3,048</u>	<u>4,650,792</u>	<u>3,180,922</u>
Year end 31 December 2020	<u>3,178,267</u>	<u>-</u>	<u>2,655</u>	<u>3,180,922</u>	

	Unrestricted £	Restricted £	Endowment £	2021 £	2020 £
Charity					
Fundraising	338,813	-	-	338,813	249,565
Membership	135,009	-	-	135,009	154,480
Investment management costs	17,377	-	3,048	20,425	18,215
Other costs	-	-	-	-	-
Support costs (Note 9)	1,035,716	-	-	1,035,716	712,385
	<u>1,526,915</u>	<u>-</u>	<u>3,048</u>	<u>1,529,963</u>	<u>1,134,645</u>
Year end 31 December 2020	<u>1,131,990</u>	<u>-</u>	<u>2,655</u>	<u>1,134,645</u>	

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

8 Expenditure on charitable activities

Charity and Group	Unrestricted	Restricted	2021	2020
	£	£	£	£
Animal welfare	3,389,599	358,853	3,748,452	3,799,086
Education	317,145	136,963	454,108	358,495
Marketing	414,185	8,226	422,411	343,792
Visitor Services	1,072,079	47,773	1,119,852	1,043,082
Events	839,037	-	839,037	802,008
Genetics Unit - Edinburgh Zoo	232,351	-	232,351	236,633
Conservation and Science	924,117	1,145,869	2,069,986	1,776,808
Support costs (Note 9)	4,873,449	-	4,873,449	4,189,548
	<u>12,061,962</u>	<u>1,697,684</u>	<u>13,759,646</u>	<u>12,549,452</u>
Year end 31 December 2020	<u>11,468,771</u>	<u>1,080,681</u>	<u>12,549,452</u>	

Expenditure on charitable activities includes the following grants:

	Unrestricted	Restricted	2021	2020
	£	£	£	£
Budongo Conservation Field Station	80,142	-	80,142	95,154
Instituto de Pesquisas Ecologicas	-	-	-	2,128
Thomas Docherty Bone	5,000	-	5,000	5,000
Nordens Ark	-	44,344	44,344	-
	<u>85,142</u>	<u>-</u>	<u>85,142</u>	<u>102,282</u>

9 Support costs

Charity & Group	Raising funds	Charitable activities	2021	2020
	£	£	£	£
Property, Estates and Works	537,181	2,369,756	2,906,937	2,469,553
Health and safety	5,288	23,329	28,617	34,023
Gardening	-	304,414	304,414	291,890
Chief Executive's Office	154,466	681,421	835,887	475,083
Finance and IT	287,587	1,268,684	1,556,271	1,254,948
Human Resources	48,053	211,986	260,039	365,436
Net return on pension	3,141	13,859	17,000	11,000
	<u>1,035,716</u>	<u>4,873,449</u>	<u>5,909,165</u>	<u>4,901,933</u>
Year end 31 December 2020	<u>712,385</u>	<u>4,189,548</u>	<u>4,901,933</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 £178,268 (2020: £131,101).

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

10 Analysis of staff costs

	2021	2020
	£	£
Wages and salaries	5,904,807	5,670,076
Social security costs	489,939	452,693
Cost of defined contribution pension scheme	218,410	214,924
Cost of defined benefit pension scheme	164,700	63,200
Other benefits	51,186	49,578
	<u>6,829,042</u>	<u>6,450,471</u>

During the year 1 (2020: 17) employee was either made redundant or had their contract of employment terminated. Redundancy and termination payments of £11,543 (2020: £82,796) 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:

	2021	2020
	Number	Number
Full-time	183	180
Part-time	97	108
	<u>280</u>	<u>288</u>

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

	Number	Number
£120,000 - £129,998	1	-
£80,000 - £89,999	1	1
£70,000 - £79,999	1	2
£60,000 - £69,999	-	1

All of the above employees are members of the Society's defined contribution pension scheme. Pension contributions totalling £12,972 (2020: £11,772) were paid in the year.

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 and Director of Engagement and Business Development. The total employee benefits received by the Executive Team was £320,647 (2020: £343,419). All of these employees are members of the Society's defined contribution pension scheme. Pension contributions for the Executive Team totalled £12,972 (2020: £11,772).

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 £58 (2020: £471) was reimbursed to one Trustees (2020: 2 Trustees) and expenditure of £267 was paid directly to third party suppliers (2020: Nil).

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	
	2021	2020	2021	2020
	£	£	£	£
Auditor's remuneration	15,950	15,190	11,225	10,690
Statutory Audit	2,705	2,625	2,705	2,625
Assurance services and other audit	6,188	2,215	4,973	1,180
Tax advisory services	<u>24,843</u>	<u>20,030</u>	<u>18,903</u>	<u>14,495</u>

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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 2021	23,500	8,600,000	20,458,704	3,417,815	610,036	716,674	66,218	722,923	458,579	35,074,449
Additions	-	-	27,950	1,063,918	55,501	-	18,563	38,919	102,807	1,307,658
Revaluations	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	2,771,129	(2,785,875)	13,628	-	-	1,118	-	-
Disposals	-	-	(62,348)	(199,726)	(92,401)	-	-	-	(1,350)	(355,825)
As at 31 December 2021	23,500	8,600,000	23,195,435	1,496,132	586,764	716,674	84,781	762,960	560,036	36,026,282
Depreciation										
As at 1 January 2021	-	-	11,819,141	-	493,480	330,337	58,622	683,124	382,360	13,767,064
Disposals	-	-	(62,348)	-	-	-	-	-	(1,350)	(63,698)
Charge for the year	-	-	1,111,948	-	72,381	97,373	6,135	20,860	53,709	1,362,406
As at 31 December 2021	-	-	12,868,741	-	565,861	427,710	64,757	703,984	434,719	15,065,772
Net book value										
As at 31 December 2021	23,500	8,600,000	10,326,694	1,496,132	20,903	288,964	20,024	58,976	125,317	20,960,510
As at 31 December 2020	23,500	8,600,000	8,639,563	3,417,815	116,556	386,337	7,596	39,799	76,219	21,307,385

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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 2021	23,500	8,600,000	19,909,927	3,417,815	610,036	712,954	61,823	653,919	458,579	34,448,553
Additions	-	-	27,950	1,063,918	55,501	-	18,563	32,896	102,807	1,301,635
Revaluation	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	2,771,129	(2,785,875)	13,628	-	-	1,118	-	-
Disposals	-	-	(62,348)	(199,726)	(92,401)	-	-	-	(1,350)	(355,825)
As at 31 December 2021	23,500	8,600,000	22,646,658	1,496,132	586,764	712,954	80,386	687,933	560,036	35,394,363
Depreciation										
As at 1 January 2021	-	-	11,422,817	-	463,698	356,305	58,093	631,065	382,360	13,314,338
Disposals	-	-	(62,348)	-	-	-	-	-	(1,350)	(63,698)
Charge for the year	-	-	1,069,479	-	72,381	97,373	5,036	12,929	53,709	1,310,907
As at 31 December 2021	-	-	12,429,948	-	536,079	453,678	63,129	643,994	434,719	14,561,547
Net book value										
As at 31 December 2021	23,500	8,600,000	10,216,710	1,496,132	50,585	259,276	17,257	43,939	125,317	20,832,816
As at 31 December 2020	23,500	8,600,000	8,487,110	3,417,815	146,338	356,649	3,730	22,854	76,219	21,134,215

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 2020 the historic cost of the investment property was nil.

The net book value of motor vehicles held under finance leases was £17,026 (2019: £29,942). The depreciation charge for the year in relation to these assets held under finance leases amounted to £12,915 (2019: £12,915).

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

15 Investments

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Fair value of securities at 1 January 2021	3,360,612	3,267,331	3,360,614	3,267,333
Purchases	407,939	99,387	407,939	99,387
Disposal proceeds	(346,700)	(158,978)	(346,700)	(158,978)
Unrealised gain/(loss)	484,950	155,813	484,950	155,813
Realised gain/(loss)	26,948	(2,941)	26,948	(2,941)
Fair value of securities at 31 December 2021	3,933,749	3,360,612	3,933,751	3,360,614
Cash investments	111,474	176,703	111,474	176,703
Fair value at 31 December 2021	4,045,223	3,537,315	4,045,225	3,537,317
Cost at 31 December 2021	2,396,487	2,396,487	2,396,489	2,396,489

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

16 Stocks

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Goods for resale	194,267	245,581	-	-
Consumable stores	98,283	85,692	98,286	85,692
	292,550	331,273	98,286	85,692

17 Debtors

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	226,522	564,215	137,293	521,876
Other	433,643	537,523	433,643	537,523
Prepayments & accrued income	1,022,064	387,570	996,466	383,207
Amounts owed by subsidiary company	-	-	2,625,284	1,527,114
	1,682,229	1,489,308	4,192,686	2,969,720

18 Creditors: Amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	611,340	526,108	507,155	496,367
Social security and other taxes	242,050	230,254	242,051	193,802
Other creditors	65,340	52,199	65,340	52,199
Accruals	1,394,392	1,159,942	1,360,801	1,111,245
Finance leases (note 19)	14,191	7,437	14,191	7,437
Deferred income	971,958	1,081,390	837,231	1,081,390
Bank loan (note 19)	1,243,896	807,229	1,243,896	807,229
	4,543,167	3,864,557	4,270,665	3,749,669

Other creditors include outstanding pension contributions of £38,566 (2020: £33,766).

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	
	2021	2020	2021	2020
	£	£	£	£
As at 1 January 2021	1,081,390	875,444	1,081,390	875,444
Amounts released from previous years	(1,071,544)	1,849,932	(1,071,544)	1,849,932
Income deferred	827,385	(1,643,986)	827,385	(1,643,986)
As at 31 December 2021	837,231	1,081,390	837,231	1,081,390

19 Creditors: Amounts falling due after one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Finance leases	30,607	9,977	30,607	9,977
Bank loan	5,624,861	6,846,977	5,624,861	6,846,977
	5,655,468	6,856,954	5,655,468	6,856,954

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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

	Group		Charity	
	2021	2020	2021	2020
Bank loans are repayable as follows:	£	£	£	£
Less than one year	1,243,896	807,229	1,243,896	807,229
Between one and two years	1,243,896	1,243,896	1,243,896	1,243,896
Between two and five years	2,988,355	3,711,688	2,988,355	3,711,688
In five years or more	1,392,609	1,891,393	1,392,609	1,891,393
	<u>6,868,756</u>	<u>7,654,206</u>	<u>6,868,756</u>	<u>7,654,206</u>

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

	2021	2020
Minimum lease payments under finance leases falling due:	£	£
Within one year	14,191	7,437
Within 2-5 years	30,609	9,977
	<u>44,800</u>	<u>17,414</u>

20 Provision for other liabilities

	Group		Charity	
	2021	2020	2021	2020
Deferred tax	£	£	£	£
	15,023	30,508	-	-
	<u>15,023</u>	<u>30,508</u>	<u>-</u>	<u>-</u>

21 Unrestricted funds

	As at 1 January 2021	Incoming resources	Other gains/(losses)	Pension	Resources expended	Transfer	As at 31 December 2021
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>
Group funds	£	£	£	£	£	£	£
General reserve	8,446,829	13,146,784	117,465	-	(14,710,238)	8,325	7,009,165
Revaluation reserve	8,600,000	-	-	-	-	-	8,600,000
Pension reserve	(325,000)	(11,000)	-	(1,172,200)	63,200	-	(1,445,000)
Group funds	<u>16,721,829</u>	<u>13,135,784</u>	<u>117,465</u>	<u>(1,172,200)</u>	<u>(14,647,038)</u>	<u>8,325</u>	<u>14,164,165</u>
Charity funds	£	£	£	£	£	£	£
General reserve	8,445,926	11,100,507	117,465	-	(12,663,961)	8,325	7,008,262
Revaluation reserve	8,600,000	-	-	-	-	-	8,600,000
Pension reserve	(325,000)	(11,000)	-	(1,172,200)	63,200	-	(1,445,000)
Charity funds	<u>16,720,926</u>	<u>11,089,507</u>	<u>117,465</u>	<u>(1,172,200)</u>	<u>(12,600,761)</u>	<u>8,325</u>	<u>14,163,262</u>

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

22 Restricted funds

	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	-	(746)	-	(0)
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	2,442,852	(1,281,755)	222,837	3,099,824
	6,641,204	2,935,847	(1,697,684)	-	7,879,367

	As at 1 January 2020	Incoming resources	Resources expended	Transfers	As at 31 December 2020
	£	£	£	£	£
Capital funds	5,233,366	110,895	(418,946)	-	4,925,314
Income funds					
Water Vole Fund	477	-	(477)	-	-
RZSS Conservation Fund	876	-	477	-	1,353
Scottish Wildcat Action	19,200	6,989	(6,456)	(18,987)	746
Scottish Wildcat	4,103	-	(4,103)	-	-
Budongo Conservation Field Station	101,910	144,911	(142,305)	-	104,516
ZEST	28,471	-	-	-	28,471
Giant Armadillo Project (Pantanal)	157,572	38,086	(91,318)	-	104,340
Tayside Beaver	(4)	-	-	-	(4)
Pallas Cat	28,640	16,245	(3,486)	-	41,399
Illegal Wildlife Trade	3,706	-	(3,706)	-	-
EZ Education Fund	-	321,999	(122,213)	-	199,786
HWP Education Fund	2,575	-	-	-	2,575
Accessible Zoo	4,500	-	-	-	4,500
Cambodian Genetic project	11,000	29,316	(21,285)	-	19,031
Inclusive Zoo	6,006	-	-	-	6,006
Cameroon frog and earthworm	5,000	-	-	-	5,000
Heart of the Zoo award	1,915	-	(140)	-	1,775
Native Invertebrates	6,131	-	-	-	6,131
Nubian Ibex	5,557	7,000	(1,488)	-	11,069
RZSS Animal fund	4,503	550	-	-	5,053
Science Specialist Confucius classroom	2,559	34,850	(22,086)	-	15,323
SWA4Life	960,053	361,339	(224,728)	18,987	1,115,651
Flapper Skate	1,693	6,879	(5,109)	-	3,463
BBR CryoArks	11,575	23,693	(6,830)	-	28,438
Pine Hoverfly Captive Breeding	-	10,500	(2,078)	-	8,422
Siamese Crocodile	-	7,250	(3,296)	-	3,954
Prey Lang Elephant	-	-	(1,108)	-	(1,108)
	1,368,018	1,009,607	(661,735)	-	1,715,890
	6,601,383	1,120,502	(1,080,681)	-	6,641,204

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

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.

Income funds

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

Scottish Wildcat Action - represents funds donated by the public to the wildcat project that RZSS is involved in as part of the Scottish Wildcat Conservation Action Plan. Donations are shared with SNH.

Budongo Conservation Field Station - represents funding from St Andrews University to support 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.

ZEST - represents funds received from the Robertson Trust and Ballie Gifford and Co to support The Zoo and Environment Skills Training programme (ZEST) being run with Scottish high schools to enable teenagers to gain employability and personal development skills while taking on work experience days in the zoo.

Giant Armadillo Project - represents funding received from Prince Bernhard Nature Fund, Amneville Zoo, CEPa, CERZA, Natural Research and Seaworld 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 and the Cruden Foundation to support our education programmes including; the Schools Programme, Summer School, Global Classrooms school conference, Edinburgh Science Festival programme, Zoo Explorers programme and the Wildlife Garden.

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.

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 and Castansa Trust to support a project to encourage children and young people from special schools to participate in the Edinburgh Zoo education programme.

Cameroon Frog and Earthworm project - represents grant funding from BIAZA to support the conservation of two critically endangered frogs 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 to support the conservation of endangered native invertebrates by rebuilding populations at sites in Scotland where the species have lived in the past.

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

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

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

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

23 Endowment fund

	As at 1 January 2021	Realised /unrealised gains/(losses)	Investment income	Resources expended	Transfer to unrestricted funds	As at 31 December 2021
	£	£	£	£	£	£
J W Gibb Fund	526,926	82,718	11,022	(3,048)	(11,022)	606,596

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 2021 £
Fixed assets	16,180,967	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>19,125,383</u>	<u>7,879,367</u>	<u>606,596</u>	<u>27,611,346</u>

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
Fixed assets	16,382,071	4,925,314	-	21,307,385
Investments	3,010,389	-	526,926	3,537,315
Net current assets	3,104,166	1,715,890	-	4,820,056
Long term liabilities	(6,887,462)	-	-	(6,887,462)
Pension deficit	(1,445,000)	-	-	(1,445,000)
	<u>14,164,164</u>	<u>6,641,204</u>	<u>526,926</u>	<u>21,332,294</u>

Charity	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>18,334,638</u>	<u>7,879,367</u>	<u>606,596</u>	<u>26,820,601</u>

Charity	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
Fixed assets	16,208,901	4,925,314	-	21,134,215
Investments	3,010,391	-	526,926	3,537,317
Net current assets	3,245,925	1,715,890	-	4,961,814
Long term liabilities	(6,856,954)	-	-	(6,856,954)
Pension deficit	(1,445,000)	-	-	(1,445,000)
	<u>14,163,263</u>	<u>6,641,204</u>	<u>526,926</u>	<u>21,331,393</u>

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

25 Net cash (outflow)/inflow from operating activities

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Net income/(expenditure) for the reporting period as per the statement of financial activity	6,004,052	(1,312,891)	5,214,208	(1,312,891)
Depreciation charges	1,362,406	1,348,088	1,310,907	1,282,374
(Gain)/loss on investments	(511,898)	(152,872)	(511,898)	(152,872)
(Increase)/Decrease in Stock	38,723	98,207	(12,594)	20,032
(Increase)/Decrease in Debtors	(192,921)	(18,484)	(1,222,966)	(822,013)
Increase/(Decrease) in Creditors	235,189	744,985	77,574	773,488
Investment Income	(665,242)	(655,782)	(1,170,790)	(992,590)
Interest paid	97,980	29,195	97,980	29,195
Increase/(Decrease) in deferred tax provision	(15,485)	(6,891)	0	0
Cash movements in pension scheme	(129,000)	(52,200)	(129,000)	(52,200)
(Gain)/Loss on disposal of tangible fixed assets	291,044	11,567	291,044	11,567
Net cash inflow/(outflow)	<u>6,514,848</u>	<u>32,922</u>	<u>3,944,465</u>	<u>(1,215,910)</u>

26 Analysis of changes in net debt during the year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
As at 1 January 2021	(630,884)	885,051	(1,838,846)	(1,838,846)
Net cash inflow/(outflow)	5,714,297	(1,515,935)	3,655,486	(1,838,846)
As at 31 December 2021	<u>5,083,413</u>	<u>-</u>	<u>1,816,640</u>	<u>-</u>

	Group		Charity		Charity	
	As at 1 January 2021	Cashflows	As at 31 December 2021	As at 1 January 2021	Cashflows	As at 31 December 2021
	£	£	£	£	£	£
Cash held as part of the investment portfolio (note 15)	176,703	(65,229)	111,474	176,703	(65,229)	111,474
Cash at bank and in hand	6,864,033	5,021,461	11,885,494	5,656,071	2,962,650	8,618,721
Loan	(7,654,206)	785,449	(6,868,757)	(7,654,206)	785,449	(6,868,757)
Finance Leases	(17,414)	(27,384)	(44,798)	(17,414)	(27,384)	(44,798)
	<u>(630,884)</u>	<u>5,714,297</u>	<u>5,083,413</u>	<u>(1,838,846)</u>	<u>3,655,486</u>	<u>1,816,640</u>

27 Reconciliation of net cash flow to movement in net debt

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Increase in cash in the period	4,956,232	5,839,693	2,897,421	4,954,663
Cash outflow from debt financing	758,065	(7,355,628)	758,065	(7,355,628)
Change in debt resulting from cash flows	<u>5,714,297</u>	<u>(1,515,935)</u>	<u>3,655,486</u>	<u>(2,400,965)</u>
Net debt at the beginning of the period	<u>(630,884)</u>	<u>885,051</u>	<u>(1,838,846)</u>	<u>562,119</u>
Net funds/(debt) at the end of the period	<u>5,083,413</u>	<u>(630,884)</u>	<u>1,816,640</u>	<u>(1,838,846)</u>

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

28 Defined benefit pension scheme

	As at 1 January 2021 £	Provided £	Released £	As at 31 December 2021 £
Group & Charity				
Total pension deficit	1,445,000	(404,000)	-	1,041,000

At 31 December 2020 the Society owed the defined benefit pension scheme £18,300 (2020: £0) in relation to employer's 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 2018 revealed a funding deficit of £3,087,000. In the Recovery Plan dated 5 February 2019 the Society agreed to pay contributions with a view to eliminating the shortfall by 1 September 2027. In accordance with the Schedule of Contributions dated 15 October 2021 the Society is expected to pay contributions of £189,600 over the next accounting period. 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 2021. In addition the Society is expected to meet the cost of administrative expenses for the Fund. The liabilities of the Fund are based on the current value of the expected benefit payment cashflows to members approximately over the next 70 years. The average duration of the liabilities on the valuation basis is approximately 23 years.

The Fund's investment strategy

The Fund's investment strategy is to invest broadly 80% in return seeking assets and 20% 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.

	As at 31 December 2021 %	As at 31 December 2020 %
	The major assumptions used by the actuary were (in normal terms) as follows:	
Discount rate	1.80	1.25
Inflation assumption (RPI pre 2030)	3.35	2.95
Inflation assumption (RPI post 2030)	3.05	2.65
Inflation assumption (CPI pre 2030)	2.35	2.00
Inflation assumption (CPI post 2030)	3.05	2.65
LPI pension increase (pre 2030)	2.35	2.05
LPI pension increase (post 2030)	2.95	2.65
Cash commutation	100% take max cash	100% take max cash
	As at 31 December 2021	As at 31 December 2020
Assumed life expectancies on retirement at age 65 are:		
Retiring today - Males	21.90	21.90
Retiring today - Females	24.20	24.20
Retiring in 20 years time - Males	23.20	23.20
Retiring in 20 years time - Females	25.70	25.60
	Value at 2021 £000	Value at 2020 £000
The assets in the scheme were:		
Equities	7,137	6,742
Bonds	1,679	1,767
Cash	124	89
Insured Pensioners	600	657
Fair value of scheme assets	9,540	9,255

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

28 Defined benefit pension scheme (continued)

	Value at 2021 £000	Value at 2020 £000
The actual return on assets over the period was:	425	573
Present value of funding obligations	10,581	10,700
Fair value of scheme assets	9,540	9,255
Surplus/(Deficit) in funded scheme	<u>(1,041)</u>	<u>(1,445)</u>
Present value of unfunded obligations	-	-
Unrecognised actuarial gains (losses)	-	-
(Irrecoverable surplus)	-	-
Net liability in balance sheet	<u>1,041</u>	<u>1,445</u>
	As at 31 December 2021 £000	As at 31 December 2020 £000
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Benefit obligation at beginning of year	10,700	9,121
Interest cost	132	185
Actuarial (gain)/losses	35	1,566
Benefits paid	(286)	(177)
Past service cost	-	5
Benefit obligation at end of period	<u>10,581</u>	<u>10,700</u>
	As at 31 December 2021 £000	As at 31 December 2020 £000
Reconciliation of opening and closing balances of the fair value of fund assets.		
Fair value of fund assets at beginning of year	9,255	9,255
Interest income on fund assets	115	179
Return on assets, excluding interest income	310	394
Contributions by employers	146	63
Benefits paid	(286)	(177)
Fair value of fund assets at end of year	<u>9,540</u>	<u>9,714</u>
The amount recognised in the Statement of Financial Activity:	2021 £000	2020 £000
Service cost -including current and past service costs and settlements	-	5
Net interest on the net defined benefit liability	17	6
	<u>17</u>	<u>11</u>
Remeasurement of the net defined benefit liability/(asset) to be shown in the Statement of Financial Activity.	2021 £000	2020 £000
Actuarial (gain)/losses on the liabilities	35	1,566
Return on assets, excluding interest income	(310)	(394)
Total measurement of the defined benefit liability (asset) to be shown in the Statement of Financial Activity	<u>(275)</u>	<u>1,172</u>
Sensitivity analysis		
A sensitivity analysis of the principal assumptions used to measure the scheme liabilities	2021 £000	2020 £000
assumption		
Discount rate	(460)	(490)
Rate of inflation (RPI)	344	(364)
Assumed life expectancy at age 65	317	321
<i>Extrapolation of the sensitivity analysis beyond the ranges shown may not be appropriate</i>		
Estimation of next period's profit or loss	2022 £000	2021 £000
Service cost - including current and past service costs and settlements	-	-
Net interest on the net defined benefit liability	16	17
	<u>16</u>	<u>17</u>

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

29 Guarantees and other financial commitments

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

	Group		Charity	
	2021 Total £	2020 Total £	2021 Total £	2020 Total £
Within one year	47,889	45,728	46,224	43,972
Within 2-5 years	78,977	79,230	78,977	79,230
In 5 years or more	135,000	148,661	135,000	
	<u>261,866</u>	<u>273,619</u>	<u>260,201</u>	<u>123,202</u>

Operating lease payments of £137,612 were paid in the year (2019: £115,748).

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. The last payment will be made in December 2022.

The Society has entered into a commitment to purchase a modular changing places toilet for £66k. As at 31 December 2021 a deposit of £12k has been paid. Settlement of the balance due of £54k is pending delivery of the unit.

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 49 years.

	Group		Charity	
	2021 Total £	2020 Total £	2021 Total £	2020 Total £
Future minimum rentals receivable under non-cancellable operating leases are as follows:				
Not later than one year	550,000	550,000	550,000	550,000
After one year but not more than five years	2,200,000	2,200,000	2,200,000	2,200,000
After five years	<u>23,787,500</u>	<u>24,337,500</u>	<u>23,787,500</u>	<u>24,337,500</u>
	<u>26,537,500</u>	<u>27,087,500</u>	<u>26,537,500</u>	<u>27,087,500</u>

31 Financial Instruments

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Financial assets				
Measured at fair value through the profit and loss account	4,045,223	3,537,315	4,045,223	3,537,315
Financial liabilities				
Measured at fair value through the profit and loss account	1,041,000	1,445,000	1,041,000	1,445,000

Financial assets measured at fair value through the statement of financial activities are listed investments. Financial liabilities measured at fair value through the statement of financial activities is a defined benefit pension scheme liability.

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

	2021 £	2020 £
Turnover	4,667,678	2,504,179
Raw materials and consumables	<u>(2,662,934)</u>	<u>(1,569,740)</u>
Gross profit	2,004,744	934,439
Staff costs	(343,180)	(314,066)
Other operating charges	(456,651)	(341,830)
Other operating income	38,546	68,906
Tax on profit	51,937	(10,641)
Net profit for the year before gift aid donation	<u>1,295,396</u>	<u>336,808</u>
Gift aid donation to the Society	(505,549)	(336,808)
Shareholders' funds	<u>900</u>	<u>900</u>

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

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND
Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

33 Related party transactions

Ark Enterprises Ltd is RZSS's wholly owned subsidiary. Management charges of £290,000 (2020: £190,000), charitable donations of £505,549 (2020: £336,808) and staff costs recharged of £343,180 (2020: £314,066) were received in the year. There was a debtor due from the subsidiary of £2,625,284 (2020: £1,527,114) at the year end.

During the year the Society spent £7,088 (2020: £9,450) 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 from the Peoples Trust for Endangered Species, an organisation whose CEO is Andrew Kitchener.

During the year the Society paid £7,373 (2020: £5,230) to the British and Irish Association of Zoos and Aquariums an organisation whose Trustees include David Field.

During the year the Society received a grant of £14,990 (2020: £23,693) from National Museums Scotland, an organisation whose Trustees include Mary Bownes.

34 Ultimate controlling party

The charity is controlled by the Trustees.