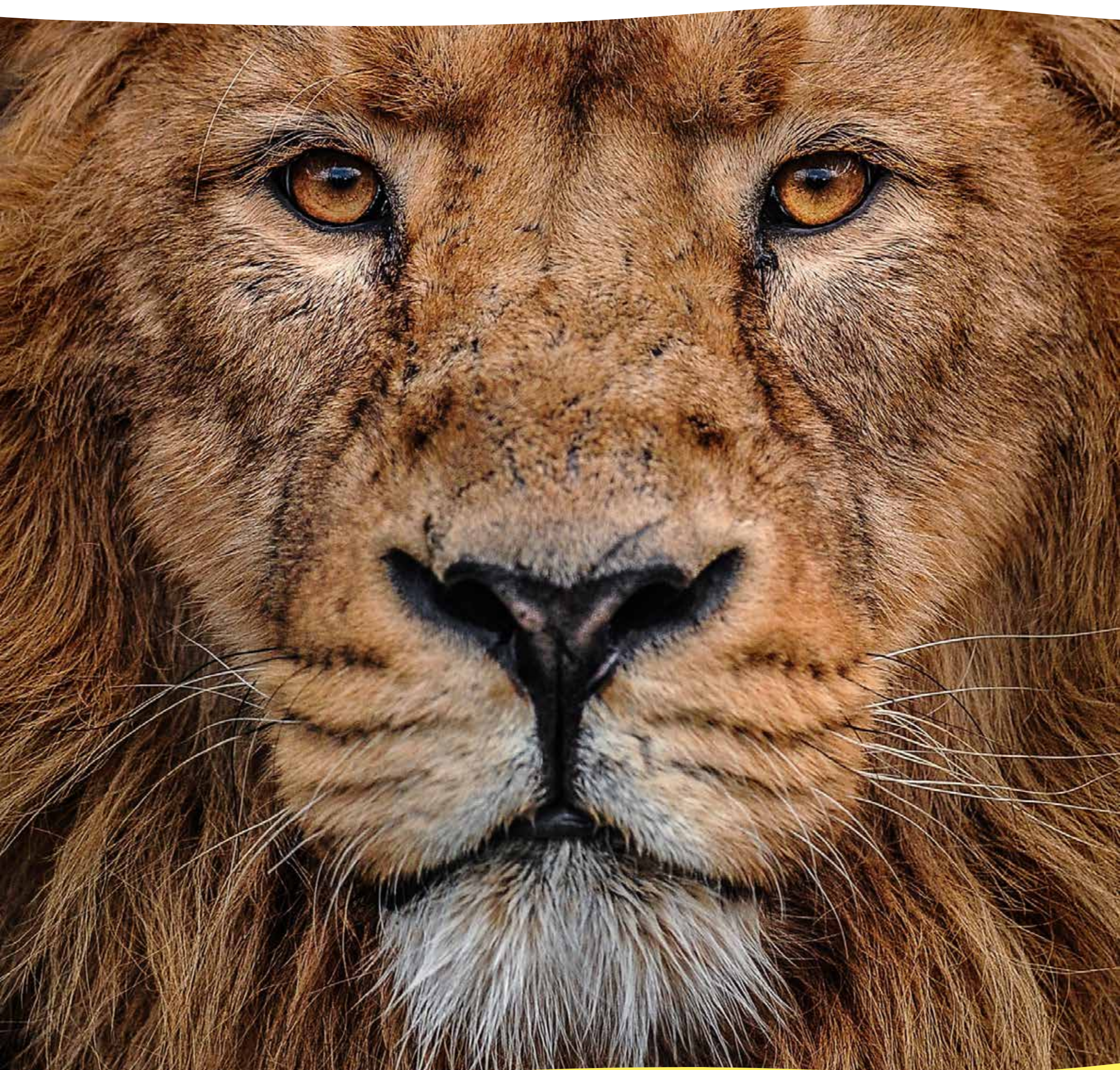




2019 ZOO REVIEW



Annual Review of the North of
England Zoological Society
www.chesterzoo.org



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A note....Since writing this review, much has changed in the world due to the Covid-19 pandemic. Sadly, this will have a significant impact on our future plans, but despite the challenges we are confident that the Society has the resilience to continue to be a global leader in PREVENTING EXTINCTION.

North of England Zoological Society

Our Trustees

Honorary Vice President

The Hon Lady Jane Heber-Percy

Chair of Trustees **Bruce Ursell**

Vice Chair (Mission Enabling) - Malcolm Ardron
Vice Chair (Mission Delivery) - William Beale

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- Richard Griffiths**
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- Simon Venables**
- Lee Rawlinson**
- Jen Carter**

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Trustee Nomination
(Chair: **Bruce Ursell**)

Audit and Risk Management
(Chair: **Simon Venables**)

Ethical Review
(Chair: **Prof Russell Newton**)

Remuneration
(Chair: **Bruce Ursell**)

Strategic Development
(Chair: **Malcolm Ardron**)

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Bruce Ursell, Chair of Trustees



Dr Mark Pilgrim, Chief Executive Officer



Jamie Christon, Chief Operating Officer

2019 was a very special year for Chester Zoo. For the first time we attracted over **2 MILLION VISITORS** and our society membership grew to 129,483; the highest it has ever been. Not only does this fund our work as a major conservation and education charity, but it enables us to better communicate how we pursue our mission of **PREVENTING EXTINCTION**, both in the zoo and around the world.



The growth was all the more noteworthy given that these record figures were achieved whilst Monsoon Forest in Islands, our largest ever investment, remained closed for the whole of 2019 following the fire in December 2018. All plants and trees will be replaced, once building work is complete, and then we can look forward to re-opening this fantastic building in 2020.

Our increased visitor numbers delivered record income for our mission, but the growth of the zoo of course led to increased costs. We continue to progress with our Strategic Development Plan which will reshape the zoo over time, highlighting the “one plan” approach to conservation, working in collaboration with others to save species, and our efforts around the globe which focus on key geographical areas of biodiversity.

As a major visitor attraction we really do recognise the importance of our further development and investment. This brings success to the local and sub-regional economy. Last year we employed over 1,000 staff at our peak periods, with over 200 volunteers.

We have achieved much that we feel reflects on the dedication and skill of our teams but to list just a few highlights of the year:

We opened the Madagascar zone, which includes our first primate walk-through habitat featuring some of the island’s most threatened species

We carried out the world’s first radio tagging of a giant pangolin, one of the world’s most trafficked species.

We led the return to Rwanda of a group of Eastern black rhino bred in European zoos.

We bred and returned 4,000 Bermudian snails to Nonsuch Island, Bermuda.

The Asiatic lions were given a fantastic new habitat

We saw our first ever successful treatment of an elephant calf to survive EEHV, a result of our ground-breaking research into this disease which is impacting heavily on Asian elephant numbers, both in zoos and in the wild.

We provided over 40,000 free education visits as part of the 130,000 school visits

We were named in the Sunday Times list of Top 100 Not for Profit Employers

Through our Conservation Scholars programme we trained 30 PhD students from 11 universities

Progressive zoos around the world have a pivotal part to play in reconnecting people to nature, encouraging a respect and love of wildlife and empowering people to make positive changes to protect it. This is vital, not only for wildlife but for all of us. We ultimately rely on clean water, clean air and a healthy thriving environment in which we live. We cannot and will not achieve this without radical changes if we want to conserve the world in which we live.

We recognise that the world has reached a critical milestone and the future of the planet relies on the advocacy of us and others to bring about real change in behaviour. 2019 marked a year when we finally saw governments around the world begin to highlight the impacts of climate change, where we saw young people campaign to protect their future and where we saw major companies start to place climate change and the carbon agenda front and centre of their mission.

Chester Zoo supported this by eliminating two million pieces of plastic from its operation, by championing Chester as the first sustainable palm oil city in the world, by lobbying politicians on the climate change emergency, by engaging with thousands of school children and weaving conservation into the education curriculum, and by working around the world supporting impactful programmes of change.

At the end of the year we created a Youth Board to support the Trustees and Executive to connect with and mobilise the ideas of a generation who are not usually regular zoo visitors but amongst whom there is real concern for the direction in which most countries and populations have been travelling.

We are privileged and proud to lead this organisation and its mission in all its aspects. Our teams are dedicated to preventing extinction as well as continuing to provide our visitors with a memorable and, hopefully enlightening, experience. As a charity, we rely on our members and visitors to join with us in helping us achieve our mission. We look forward to that support in 2020.



Strategic Direction

Our Strategic Development Plan, formalised in 2017, moved ahead in earnest in 2019. Major developments completed included a new Madagascar walkthrough lemur habitat, situated in the heart of the zoo. Work began on a 17 acre animal holding and breeding centre to the north of the zoo site, which will allow the development of Grasslands starting in late 2020, and Forest zones which will follow later in the decade. The facility will allow the temporary movement of a number of key species into brand new homes during the development of their former habitats.

Other key developments included a new facilities management building located alongside the A41, ready for occupation in early 2020. This will allow the refurbishment of the grade 2 listed stable block to complement the zoo's heritage zone, located alongside The Oakfield.

Later in 2019 the zoo team completed work on a new habitat for our group of Asiatic lions moving them away from their former home in the centre of the zoo. The combination of glazed indoor and outdoor elements enhanced this facility allowing a clear storyline to demonstrate our work with this endangered species.

Not visible in 2019 was the vast amount of work done in the planning and detailed design for Grasslands which will begin in 2020. Planning permission was granted in late 2019 for the multi-million pound reorganisation of the western side of the zoo, which will include a mixed species savannah, new indoor and outdoor space for African species, and a large restaurant. The plan also includes a site for overnight stays, a long-term aspiration of the society.

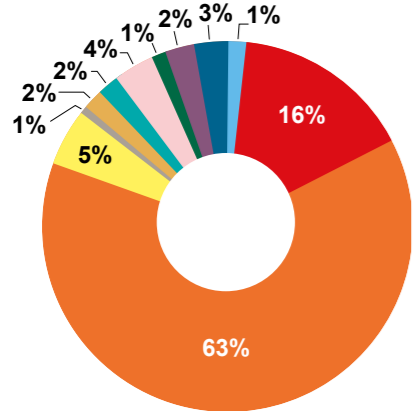
On top of this, the development team worked hard to re-establish our world-leading indoor habitat, Monsoon Forest. Following the devastating fire in December 2018, significant progress has been made in stripping and rebuilding parts of the building. It is envisaged Monsoon Forest will re-open to our visitors in the summer of 2020.



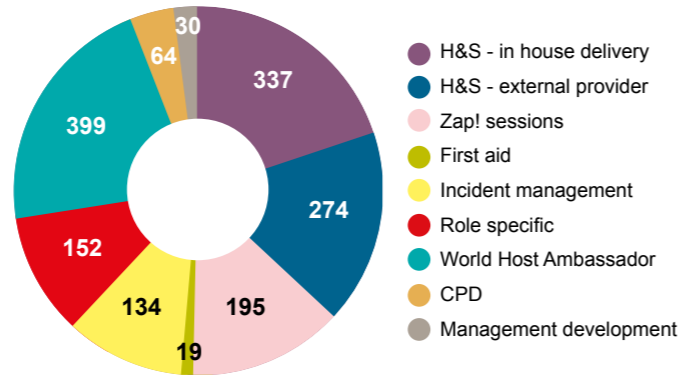
Our People

Chester Zoo is not only an inspiring and developing space for animals, plants, and our visitors, but is also a community of talented and committed individuals all working together to PREVENT EXTINCTION.

Over 1,000 people were employed by the zoo at peak season (522 permanent, 54 fixed term and 470 seasonal).



- Capital Development
- Collections
- Commercial Operators
- Conservation Education & Equipment
- Directorate
- Finance
- IT
- Marketing
- People Team
- Science & Conservation
- Site Operations



We continue to invest in the skills and knowledge of our teams and in 2019 delivered **1604 learning experiences** for them.

And the AWARD goes to...

In 2019 we were proud to accept numerous awards for our work. BIAZA awards were plentiful:

We also scooped some great awards, recognising the skills of our teams in their specialisms:

Gold Award for Sustainability: Sustainable Palm Oil City

Institute of Fundraising, National Awards: Winner, Regional Campaign of the Year: Me, You and the Zoo Auction

Gold Award for Horticulture: Bumblebee abode garden

Taste Cheshire Awards: Gold Award for Family Friendly Venue of the Year (The Oakfield)

Silver Award for Education: International educators training week

Taste Cheshire Awards: Gold Award for Best Newcomer (The Oakfield)

Bronze Award for Education: Developing a conservation curriculum

Sandford Award: Granted by the Heritage Education Trust in recognition of our outstanding contribution to heritage education and learning within the historic environment

Gold Award for Animal Husbandry, Care and Breeding: Preventing extinction - Javan green maggie

North-West in Bloom: Winners: The Gold Medal; and Trophy in the Best Large Tourist Attraction category

Gold Award for Animal Husbandry, Care and Breeding: Developing captive husbandry protocols that facilitate conservation translocation

Silver Award for Animal Husbandry, Care and Breeding: Creating dosing solutions for coral displays

Marketing Cheshire Annual Awards: Winner, Ethical, Responsible and Sustainable Tourism Award

Bronze Award for Animal Husbandry, Care and Breeding: Hand-rearing of Caribbean flamingos using an egg-based diet

PRCA Awards: Crisis and Issues Management Award: The Chester Zoo Fire (Monsoon Forest)

Gold Award for PR, Marketing, Digital and Events: Crisis communications during the Chester Zoo Monsoon Forest fire

PRCA Awards: In-house Team of the Year Award Public Sector: Highly Commended

Gold Award for Exhibits: Sumatra at Islands - a story of the wildlife trade

Bronze Award for Research: Monitoring the impacts of management interventions in a captive troop of Sulawesi crested macaques

Bronze Award for Research: Developing chytrid treatment protocols for highly threatened salamanders

Silver Award for Conservation: The Tequila splitfin reintroduction programme

Silver Award for Conservation: Action Indonesia: global species management plans for anoa, babirusa, banteng and Sumatran tiger

Gold Trailblazing Award presented to Cat Barton, Field Conservation Manager, for her work on sustainable palm oil



Volunteering

young people, we ran two Duke of Edinburgh volunteering projects during the year. These supported young people to develop their confidence and skills talking to visitors about our conservation campaigns, whilst also training them to enable them to make their own conservation campaign tools to share with their peers.

Over the summer we also worked with a small group of young volunteers, referred from Ancora House a child and adolescent mental health unit in Chester. Participants worked through a supportive training programme before taking on their volunteering roles in the zoo. We also supported them to work towards ASDAN qualifications. Several of our existing volunteers were trained as Youth Champions to support our younger volunteers with their training and in role.

New volunteer roles were recruited to support new developments at the zoo, with visitor engagement volunteers taking on key roles at the lemur walkthrough when it opened at Easter and at the Asiatic lions habitat in the Autumn. In both locations they have supported visitors to engage in the experiences, locate the animals within their large habitats and provide information to visitors about the species and their conservation. In the Summer, volunteers also revived their role interpreting our honeybee colonies and engaged over 10,000 visitors with bee conservation.

Building on the pilot work conducted in 2018 and our increasing work with

Our volunteer programme went from strength to strength in 2019...

OUR VOLUNTEER PROGRAMME CONTINUES TO SUPPORT OVER **200** VOLUNTEERS

VOLUNTEERS DONATED AN AMAZING **27,891** HOURS OF THEIR TIME OVER THE YEAR
9% increase on 2018

62 NEW VOLUNTEERS RECRUITED AND TRAINED DURING 2019

VOLUNTEERS INTERACTED WITH **369,705** VISITORS OVER THE YEAR
11% increase on 2018

CONSERVING SPECIES OF
LATIN AMERICA



In 2019 we achieved our long-held goal of setting up a European breeding programme (EEP) for the Lake Titicaca frog. This once common frog is confined to Lake Titicaca on the Peru / Bolivia border where it is now Critically Endangered. Sixty frogs were brought from the USA with the plan to disperse them across ten different zoos in Europe. We had an excellent start to the new breeding programme when the frogs very quickly spawned on arrival at Chester Zoo.

In Brazil our support for long-standing work on Giant anteaters and Giant armadillos continued, with some startling facts about the threats these animals face; a 27 month survey reported a staggering 558 Giant anteaters killed by traffic. A new initiative of the project will start to look at rehabilitation of young anteaters whose mothers are killed.

In Bolivia news was more positive from our Andean bear project, where camera-trapping has revealed a sighting of a second bear cub in two years, a great sign that the animals continue to live and reproduce in the area despite habitat loss and persecution. In the zoo, keepers were delighted that our current pair of Brazilian giant otters successfully reared their first pups.

Our national plant collection of Matucana cacti had a real boost during the year with the donation of more than 350 new specimens by cacti specialist Maurice Williams. These cacti are confined to Peru and around half of the species of Matucana are threatened with extinction; many of those donated to the zoo have details of their exact origins in the wild and so are particularly valuable for conservation. Also new to the zoo this year was our first pair of Southern tamandua; a beautiful species of South American climbing anteater.

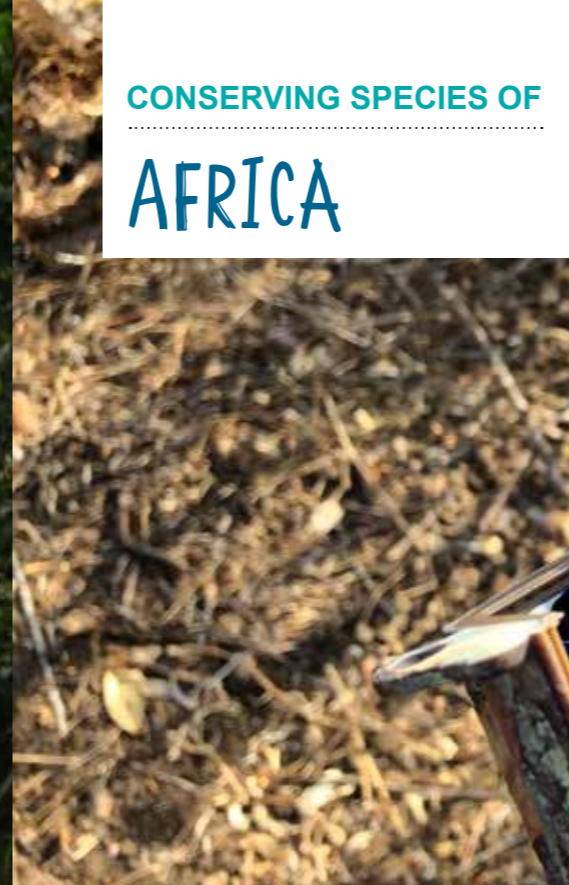
Our work with the Bermudan Government has reached a milestone with the first ever reintroductions of Greater Bermuda snails. A staggering 18,000 snails were sent back to Bermuda for two separate conservation translocations during the year; a real testament to how we are directly acting to prevent extinction. This paves the way for conservation translocations of Lesser Bermuda snail with plans already in place for 2020.

We also had further success with our Bermuda skinks, rearing a further 7 youngsters during the year and increasing the likelihood that we will be sending this Critically Endangered species back to Bermuda in the next few years.

Excellent news from Mexico confirmed that the Tequila splitfin fish, still considered as extinct in the wild, is now thriving at the sites of earlier reintroductions and has established a strong and growing population in the springs that form the headwater of the Teochitlan River. We are currently evaluating further candidate species for release with our partners the Mexican Fish Ark.

In Ecuador our field work on the ecology and conservation of Ecuadorian Amazon parrot continued with work on roosting and breeding sites. We also continue to work with our partners on societal change to hopefully reverse the plight of this parrot.

CONSERVING SPECIES OF
AFRICA



2019 ZOO REVIEW

We coordinate the European breeding programme (EEP) for black rhinos and during 2019 we spearheaded the largest ever translocation of rhinos from Europe to Africa. This exciting translocation was undertaken by the European Association of Zoos & Aquaria (EAZA), the Rwanda Development Board (RDB) and African Parks, which manages Akagera National Park in Rwanda, where the rhinos were released. The five animals moved from European zoos will bolster the original animals released in 2017 from South Africa. We continued our financial and practical support to combat poaching of rhinos and other wildlife in both eastern and southern Africa, providing finances, equipment, advice and training.

Following the milestone birth last year of chimpanzee 'Stevie', we were delighted to welcome another infant born into the group, when 'Annie' was born in the summer to mum, 'Alice'. In the field our great ape work has focussed on Uganda and

Gabon. This year an important MOU between Chester Zoo and the Uganda Wildlife Authority (UWA) was signed in which the zoo will lead and implement a number of exciting initiatives focussed on great apes, pangolins, black rhino, carnivores and okapi between now and 2025. Our expanding work in Gabon's western coastal forest has revealed an incredible diversity of wildlife including Western lowland gorilla, chimpanzee, forest elephant, giant pangolin and slender-snouted crocodiles; even marine turtles have been recorded travelling up lagoons and into forest to lay their eggs. These revelations have already influenced the issuing of local logging permits, with local communities now being increasingly consulted.

In Uganda staff assisted the Giraffe Conservation Foundation (GCF) with their satellite tagging programme, which is now the largest ever GPS satellite tagging project for giraffe. In the zoo we welcomed another two calves to our Rothschild giraffe herd, 'Mburo' born in March and 'Karamoja' born in May. Our okapi and mountain bongo populations in the zoo both benefitted from the arrival of new females.

We expanded our survey and training work on butterflies, moths and beetles this year working in Kenya, South Africa and Tanzania, assisting local communities and governments to better understand these poorly known species. Finally the arrival of three pairs of tiny bearded pygmy chameleons at the zoo enabled our keepers to gain the skills required to care for and breed these and similar species. Many are highly endemic to tiny regions of eastern and southern Africa and are becoming increasingly isolated and threatened in the wild.

CONSERVING SPECIES OF
SOUTH ASIA



We have scaled up our work on Asian elephants in Assam, India, in an exciting new partnership with the Wildlife Trust of India. Habitat fragmentation in this region has disrupted elephant migration routes and brought them into conflict with people in areas adjacent to the Manas National Park. Using our experience of finding practical solutions to this problem from the long-running Assam Haathi project, we aim to reduce human-elephant conflict around Manas to allow elephant populations to flourish. In its first year, the project has consulted with 60 villages across the Manas landscape, erected 5 km of electric fencing to protect crops from elephants and engaged with officials at local and regional Government level to develop long-term strategies for enabling peaceful co-existence between elephants and people.

In Nepal we completed the delivery of our Darwin Initiative funded project aimed at strengthening tiger conservation efforts by reducing human-tiger conflict in and around two national parks in the Terai lowland region. This has been successful in reducing predation of livestock by over 40%. To ensure that this continues long after the project has finished, we carried out a consultation exercise with local communities and stakeholders.

In the zoo, our red pandas gave birth to twins in June, providing a significant boost to the conservation breeding programme for this threatened species from the Himalayas and southwest China.



CONSERVING SPECIES OF
MADAGASCAR & MASCARENES



2019 ZOO REVIEW

The development of our Madagascar forest zone has allowed us to showcase our major field programme in the 270 km² Mangabe forest protected area in the east of the country where we continue to work with our partners, Madagasikara Voakajy. As well as lemurs, Mangabe forest is the last stronghold of the golden mantella frog. Fieldwork in January and February revealed 60% of potential breeding ponds occupied by golden mantellas with a higher percentage of ponds in good condition compared with the previous survey in 2017.

Elsewhere in Madagascar we stepped up our work to restore populations of an endemic fish, the pinstripe damba, to Lake Tseny in the north of the country. Our team travelled there in April to carry out histopathology and parasitological examinations on captive bred damba at the Andapa breeding facility. Results of this screening were used to produce a disease risk analysis report for Madagasikara Voakajy to inform plans for captive management and potential future conservation translocations.



In the zoo we were successful in hatching two radiated tortoises for the first time following painstaking work to determine their exact temperature requirements. This is a significant boost to conservation breeding efforts for this highly threatened species from the spiny forests of southern Madagascar where it is threatened in the wild by illegal trade and habitat loss.

In Mauritius, we continued our efforts to support the population of the echo parakeet. The first breeding attempt of released birds in the Bambous Mountain region was recorded this year, following releases between 2015 and 2017. The population is currently estimated to number over 700 birds and in November 2019 the echo parakeet was downlisted to Vulnerable (from Endangered) by the IUCN. This is testament to the success of the conservation work that has been carried out over many years by a number of organisations working in partnership, including Chester Zoo.



There has been rewarding progress this year on our projects in the Philippines. We launched the William Oliver Philippine Champion Award (honouring posthumously a dedicated conservationist of wildlife in the Philippines and long-time partner of the zoo). The six chosen recipients are already involved in the protection of ecosystems on the nation's many islands and on the cusp of launching 2-year projects.

Our partners at the Katala Foundation in the Philippines lead conservation efforts on the Palawan population stronghold of the Critically Endangered Philippine cockatoo, and continued monitoring during 2019. The extreme drought has been taking its toll and despite record success in 2018, this year proved catastrophic with very poor breeding success.

A real high point of our South East Asia programme this year was the birth of a male Malayan tapir calf, the new habitat in the zoo giving visitors unparalleled close-up views of mother and youngster as it grew during the year. Also particularly noteworthy was the birth of seven Northern babirusa piglets during the year, making worthwhile all the hard work we have put into developing both a functioning breeding population here in the zoo and support for the Action Indonesia programme and Global Species management programme.

For the first time, we carried out reintroduction of two different species of Polynesian tree snails on the island of Huahine, French Polynesia. Both species are extinct in the wild and

have been prevented from total extinction by the work of a few zoos including Chester. We spearheaded the release of these two species with more than 2,000 snails.

Conservation breeding efforts in the zoo were significantly boosted this year with the birth of a male Sumatran orangutan to mum 'Subis', two Sulawesi crested macaques, two litters of Asian short-clawed otters during the year, and particularly pleasing, the first breeding for 13 years of our Sumatran Rhinoceros hornbills, which successfully reared two chicks. This was especially satisfying as this was the pair that was rescued from the fire in Monsoon Forest in December 2018. During the year our Aquarium team focussed activities on the Parosphromenus Project, a breeding project for this highly threatened group of fish, with the zoo now keeping five Endangered or Critically Endangered species of these fish and successfully breeding three of them during 2019.

We joined a partnership of 79 conservation organisations to produce the State of Nature report 2019 that highlights the continued plight of biodiversity in the UK. The report aims to inform forthcoming legislative change, such as the Environment Bill and calls for urgent action to restore biodiversity.

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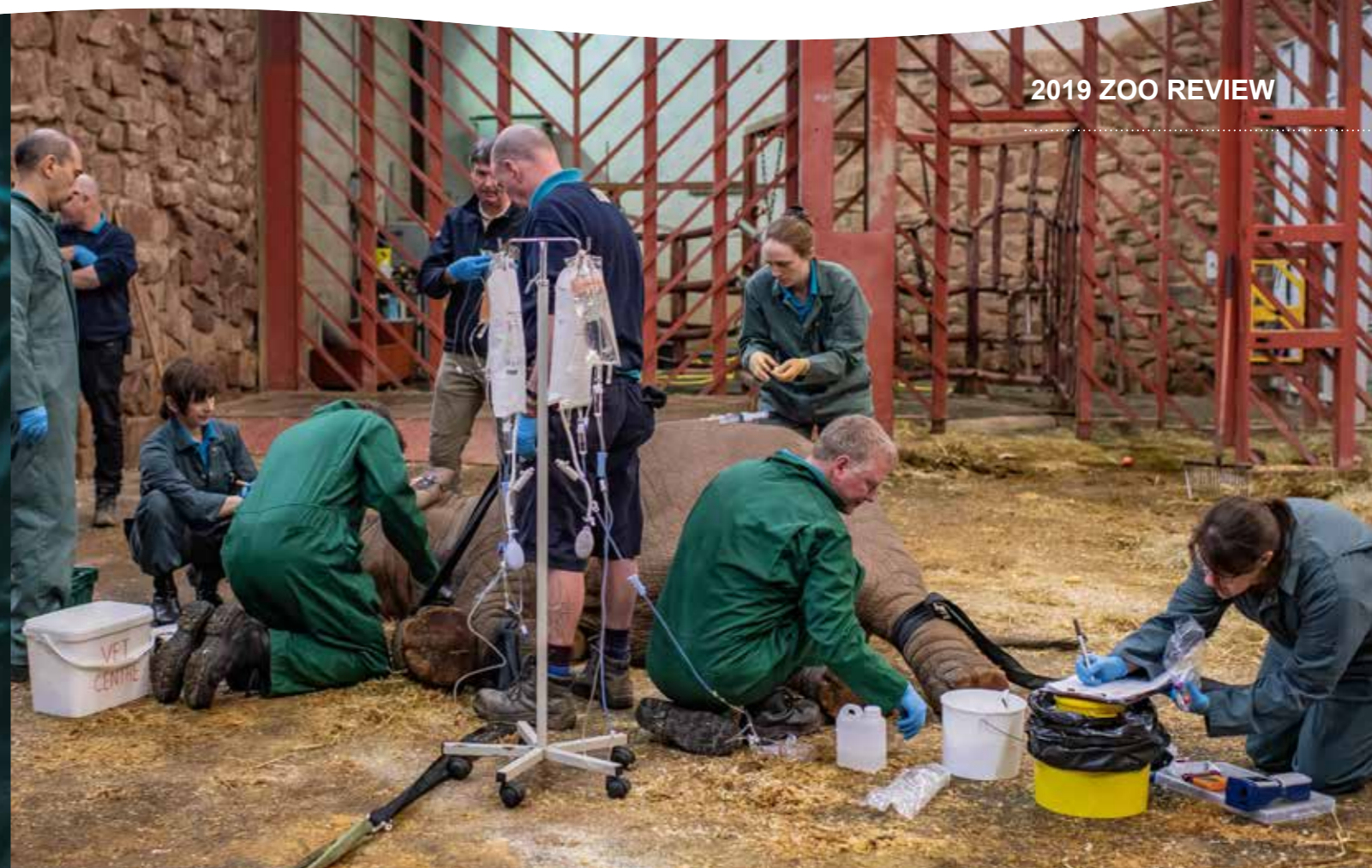
We have been supporting a major initiative to restore the lowland peatland habitats of northwest England. Most of this 'mossland' habitat has now disappeared as a result of decades of overexploitation and development, but some key areas have been restored through re-wetting. In May we began exciting new work with the North West Rare Plant Initiative, and its enthusiastic founder, Josh Styles. We assisted Josh with the reintroduction of five locally rare peatland plant species to restored mossland sites with secure management.

As well as plants, we are also helping to restore peatland invertebrates at these sites. Several large heath butterflies were captured under licence at Winmarleigh Moss and expert care from our invertebrate team led to over 150 caterpillars being produced.

Our horticulture team produced 91 native black poplar trees, ready for planting in winter 2019/20. This has doubled the number grown in recent years, providing a significant boost to the local population.

Following our support for the Vincent Wildlife Trust in their efforts to reintroduce pine martens to mid Wales, surveys of 200 transects for pine marten scats have found over 80 so far, providing evidence of their continued survival and dispersal.

On our own land around the zoo, camera traps and nocturnal surveys have revealed the presence of a number of nocturnal mammals that are benefiting from our habitat creation and conservation. This year we recorded our first polecat on the zoo estate (revealed by a camera trap). In the summer, two large maternity roosts of soprano pipistrelles and brown long eared bats were discovered, estimated at 200 and 50 individuals respectively. To encourage more bats on site, the MECX Construction Corporate Group funded and helped install more than 70 bat boxes around the Chester Zoo estate.



Our Specialisms

Conservation Breeding and Management

Conservation breeding and management is a core specialism that underpins the extensive animal and plant conservation work that we carry out.

An important element of this management is the expertise that we put into conservation planning. Many of the staff at Chester Zoo are acknowledged global leaders in this field and called upon to assist in planning the management of a multitude of animals and plants. Rigorous planning is the essential pre-cursor to effective conservation action and we plan in a consistent 'one plan' approach (with all actions and options being considered as part of an overall holistic strategy to save a species). We've been involved in planning activities across all six of our geographic regions on such diverse species as hornbills, snails, newts, deer, doves, pigs, primates, insects, and frogs.

This year has seen a number of new exciting species arrive at Chester Zoo. These include Lake Titicaca frog, Red-ruffed lemur, Crowned lemur, Red-bellied lemur, Great green macaw, Bearded Pygmy chameleon, Southern tamandua, Liquorice gourami fish. Most of these species are threatened with extinction in the wild and are part of coordinated EAZA conservation breeding programmes.

The interface of our conservation breeding and propagation work and conservation management is never more obvious than when we are translocating individual animals and plants back to wild. These release programmes require the utmost skill and care and are where our expertise in planning is vitally important. This year we were involved more than ever in these activities, returning Eastern black rhinoceros to Rwanda, tree snails to French Polynesia, Curlews to England, Great Orme cotoneaster to Wales, Greater Bermuda snails to Bermuda and several other programmes around the world.

Further afield our skills have been used in developing a project on pitcher plant (Nepenthes) conservation and propagation in Indonesia with our partner the Indonesian Institute of sciences (LIPI) and it is hoped that a greenhouse facility in Indonesia will form the centrepiece of this work. We have also been applying the same endocrinology skills that we use in the zoo for conservation management of our mammals to use in Kenya for the assessment of wildlife in the region.

Our Specialisms

Wild life Health and Wellbeing

The health and wellbeing of our animals is of paramount importance and during 2019 Chester Zoo's expert staff have cared for over 35,000 animals of around 600 species. Ensuring that every animal receives the very best care is a formidable task. For many animals we work with, very little is known about their biology or needs, so learning the skills to be able to care for them appropriately is critical to our mission. This knowledge is often transferable to other species and animals in the wild.

This year proved to be a milestone in our work to combat Elephant Endotheliotropic Herpes Virus (EEHV). We have put huge effort over the last few years into understanding this disease and developing effective treatments and prevention for EEHV; this is critically important for safeguarding the future of Asian elephants both in zoos and the wild. In March Indali

our two year old Asian elephant calf tested positive for EEHV during one of her thrice weekly blood tests. Our keepers and veterinary team worked tirelessly to provide her with the very latest therapies available, including blood plasma transfusions, anti-viral medications and immune boosting treatments. After 14 days of highly intensive treatments Indali's condition improved and she began the process of recovery from the disease. This is a significant breakthrough in the treatment of EEHV.

Our expertise in animal health and wellbeing has also been an important element of our field programme work and during the year we have provided support to health screening activities for some of our conservation translocation work on species such as greater Bermuda snails and pinstriped damba fish in Madagascar. We delivered workshops in Indonesia to support rescue centres in the region in dealing with the increasing number of reptiles and amphibians they are receiving due to a change in the law. The workshop focused on building their skills and capacity in handling, restraint and care of reptiles and amphibians. Veterinary support and advice for wildlife conservation and especially orangutan issues continued during 2019 with our continued support for the Orangutan Veterinary Advisory Group (OVAG).



Our Specialisms

Biodiversity Survey & Monitoring

The skills our staff acquire through working so closely with animals and plants are often perfect for application in the wild to survey and monitor wildlife. This survey work is frequently the first part of the puzzle in determining how rare species are and how their distributions are changing. Equally surveys give us the opportunity to upskill many local partners who help us in the field so that they too can carry out similar work and build their own expertise.

It has been a particularly busy year for survey and monitoring work in Africa. A landmark was the first ever GPS and VHF radio-tagging of a Giant pangolin in Uganda at the Ziwa White Rhino Reserve. Giant pangolins have been an increasing focus of our work in light of the massive illegal trade in all pangolins and especially the lack of information on distribution and status in African species. We were also involved in the largest ever GPS tagging project on giraffes, assisting our partner the Giraffe Conservation Foundation (GCF) to fit

trackers in Uganda. This intensive tagging and monitoring often follows on from more extensive survey work and we have been camera trapping in Uganda (more than 1 million images captured!) and Gabon with more than 60 camera traps documenting previously unrecorded Western lowland gorilla populations. We have also been expanding our survey and particularly field skills training work for smaller animals with butterfly, moth and beetle survey work in South Africa, Kenya and Tanzania during 2019.



Our Specialisms

Human-Wildlife Conflict

We continue to take an evidence-based approach to finding practical solutions to the complex problem of human-wildlife conflict to prevent extinction in the field.

As reported in the South Asia regional programme section, we have scaled up our work on Asian Elephants in India in order to increase our impact on elephant conservation by tackling human-wildlife conflict in Assam. The north-eastern state is home to a variety of communities attempting to live in an environment where human-wildlife conflict (HWC) arises every day. As a result of human-elephant conflict, 3627 human lives have been lost over the last eight years, as well as those of 628 elephants. We are working with the Wildlife Trust of India (WTI) as part of their Manas Landscape project. They carried out a baseline survey of attitudes to elephants with 60 villages that revealed a high level of respect for the animals despite the challenges of conflict. During field visits over the year, zoo conservationists were encouraged to see elephant proof electric fencing that had been provided through our Darwin Initiative projects in the past still fully maintained and effective. The success of our approach would seem to be associated

with ensuring that people are provided with the means and motivation to maintain electrical equipment beyond the lifetime of the project.

In Mauritius we have continued our research into the causes of conflict between humans and flying foxes. As well as the more obvious link with fruit growers, we have also established an important connection between the image of the bats in the media and public opinion. We ran two workshops during the year to tackle these issues. The first was attended by backyard fruit growers who had not previously had the opportunity to share their experiences and concerns over fruit losses due to bats. The second was held with the media and attended by journalists and media students which aimed to explore how the media present bats to the general public and to discuss ways in which NGOs and the media can work together more closely.



Our Specialisms

Livelihoods and sustainable development

Working to improve the livelihoods of people living alongside wildlife often goes hand-in-hand with conservation of species. This is especially important in poorer regions of the world where poverty alleviation can reduce pressure on wildlife. This approach is at the heart of our Living with Tigers project In Nepal where we completed the delivery of our three year Darwin Initiative funded project. Through our workshops, growing more food to provide for families' needs was identified as a priority activity to reduce people going into the community forests. The workshops develop skills to enable to people to get higher yields from their crops to help with their own food and to generate more income.

Another Chester Zoo project funded by the Darwin Initiative aims to boost the populations of Andean Bears in the Tarija region of Bolivia through reductions in conflict with humans and habitat disturbance. Again, improving livelihoods of local people is the key to its success and the project provided training and equipment for beekeeping to communities. The first honey harvests were made by participating communities and Tremarctos Honey was launched in Bolivia as a new output from the Human-Bear coexistence project! It is hoped that these sustainable alternative livelihood options will reduce retaliation on bears that roam into cropland looking for food.



Our Specialisms

Visitor and community engagement

Research on the positive impact of our walk-through exhibits on visitor engagement with conservation was published in the Journal of Zoo & Aquarium Research this year. Our results demonstrate the value of deeper level conversations that visitors have with zoo rangers and volunteers and showed a positive change in attitudes towards pro-conservation themes as a result. This research was been important in shaping how we designed and managed the interpretation of the lemur walk-through exhibit that opened during the year and proves the value of having a continuous presence from staff and volunteers to engage visitors as they pass through.

Another way of sharing our work and building conservation capacity is by engaging our field partners with our evaluative approach to learning. We assisted a number of them in 2019 to develop their own education strategies that will deliver effective learning and behaviour change, including the HEAP project in Malaysian Borneo and colleagues at the Grand Montagne nature reserve in Rodrigues.

The impact of our work on encouraging pro-conservation behaviours is a key focus and during 2019 we teamed up with the leading US-based behaviour change experts 'Rare' to prepare a motion to the World Conservation Congress in 2020 that encourages the global conservation community to 'think big' around this important topic.

Discovery and Learning

Our work in schools focused on supporting teachers to deliver their own wildlife conservation focused curricula. Alongside pedagogical experts and Ignite Teaching School Alliance, we supported 23 schools to develop conservation-focused projects, with a further 30 schools joining us in September for training that will see them delivering curriculum projects in 2020.

This brings the total number of schools we have worked with on a conservation curriculum to 84. In October, the amazing work of some of these schools was celebrated at the zoo when we hosted our first IgniteZoo Takeover Day. Pupils from 11 schools worked with our Zoo Ranger team to prepare and then deliver their own talks about conservation issues. On the evening of the Takeover Day we hosted a debate event with RSA North and colleagues from University of Manchester to share the work we have done on conservation curriculum with academics, educators and conservationists and ask how we can all work to make conservation in schools the norm. A position paper from these discussions is expected in 2020, but some of the key arguments for putting conservation into school curricula were summarised in an open letter from us and Ignite TSA to politicians in advance of the general election in December.

With large numbers of day visitors coming to the zoo, the Zoo Ranger team saw increased numbers participating in their daily programme of talks, discover sessions, storytelling and other events. Supporting the Big Cats and Predators exhibitions and the opening of the new Madagascar area and Asiatic lions habitat saw the team develop a range of new activities to entertain and support the learning of our visitors throughout the year. In total, 222,914 visitors took part in 5,313 Zoo Ranger activities during the year.

Alongside our scientists, we developed new activities to showcase the science work of the

zoo, at both the Blue Dot and New Scientist Live events. At Blue Dot, the Zoo Rangers delivered their first large scale science show inviting attendees to find out more about 'poo science' and the other scientific techniques we use to prevent extinction around the world.

In our community engagement work we focused on developing our Wildlife Connections campaign and supporting communities in areas local to the zoo, such as Blacon and Lache in Chester, to take action for UK wildlife. Our Wildlife Connections Festival brought 2,375 people over two days to enjoy music, storytelling and a whole variety of wildlife themed activities down at our nature reserve.

Internationally we continue to support a large number of our field partners with their education work. As part of our role leading the Education Working Group of the Action Indonesia GSMPs, we led the first ever Action Indonesia day in August, through which 42 organisations delivered activities focused on some of the less well-known Indonesian species of anoa, babirusa and banteng and the ways in which they can be protected. Our Head of Discovery and Learning travelled to Mauritius to support the Mauritian Wildlife Foundation to develop a new education strategy and members of the team visited Hutan in Borneo and Big Life Foundation in Kenya to provide technical support on the design and delivery of their education and community programmes.



132,227
EDUCATIONAL VISITS

31,457
STUDENTS TAKING PART IN
ZOO-LED WORKSHOPS

78,047
OUTREACH PARTICIPATIONS

222,914
VISITORS TOOK PART IN
5,313
ZOO RANGER ACTIVITIES

PUPILS FROM **11**
SCHOOLS INVOLVED IN THE
FIRST EVENT IGNITEZOO
TAKEOVER DAY

Welcoming our visitors

Raising Awareness of Threatened Big Cats – February 2019

A pride of life-sized big cats including lions, cheetahs, tigers and jaguars, delighted our visitors between February and April 2019. Nearly 550,000 visitors came to see them, whilst visiting the zoo, who were also able to take part in a number of Zoo Ranger led activities.



The opening of Madagascar – April 2019

A new 6000 m² Madagascar habitat opened in April bringing a taste of the world's most diverse island to the UK, including the zoo's first ever 'walk through' primate experience.



"World First" Predator Exhibition – May 2019

A never-seen-before exhibition showcasing over 200 million years of lost predator species highlighting that extinction is a very real threat to animals on the planet today. Giant animatronic mega-beasts included a 12-foot-tall giant bear, a ferocious sabre-toothed big cat, and a six-metre-long Titanoboa snake. Over 400,000 visitors saw the animatronic hunters during the summer months.



Lion habitat - October 2019

The zoo's pride of Asiatic lions explored their new home for the first time in October. Lionesses, Kumari & Kiburi, and male, Iblis relocated to a new state-of-the-art conservation facility for the world's rarest lion species.



The Lanterns – December 2019

Showcasing much-loved animal illuminations and characters from years gone by, over 111,000 visitors journeyed through nine unique worlds as part of this year's 'The Lanterns' experience. New worlds transported guests from tropical dreamlands to a night sky adventure all created by the zoo in partnership with multi award-winning outdoor arts producers, Wild Rumpus.



In 2019 our visitors bought:

160,223

SOFT TOYS

122,816

CONFECTIONERY ITEMS

206,493

TOYS

65,330

FRIDGE MAGNETS

14,532

PERSONALISED ITEMS

32,756

BRACELETS

28,604

BOOKS

28,865

PENS

11,321

MUGS

36,934

KEYRINGS

659607

ICE CREAMS, INCLUDING

123,211 scoops of Cheshire Farm Ice Cream and 110,737 of Wall's Magnums

119874 BAGS OF CRISPS

29598

HOT CHILDREN'S MEALS

34,611 CHILDREN'S SANDWICH BOXES

612007 HOT DRINKS

(approx. 208,106 litres) –

this includes 55,000 cups of tea

79223 CHEESE BURGERS,

2463 VEGGIE BURGERS

671 VEGAN BURGERS

32961 HOTDOGS

145198 CUPS OF SLUSH

(49,367 litres)



Environmental Management

The zoo has developed an environmental management system which is certified to ISO14001:2015 and is an internationally recognised and independently audited to an environmental standard.

We have had success in achieving sustainable palm oil city status for Chester, removing over 2 million of pieces of single use plastic from our operation and ensuring that all of our electricity used on site is sourced from renewable supplies. Other environmental impacts being targeted, monitored and worked on to improve include energy reduction, water, waste, sustainable construction and procurement.

Wales Expedition 2019



In June 2019, we delivered our first annual expedition that focused on native species conservation. Zoo staff from all working areas of the zoo came together to form our largest ever expedition team. We collaborated with local conservation organisations including Record, the Wildlife Trusts, the Woodland Trust and Cambrian Wildwood, for two weeks of intense conservation action in mid-wales.

Our expedition fulfilled three distinct objectives fundamental to wildlife conservation: wildlife recording, habitat management, and public engagement. Working with the Wildlife Trusts during week one, we took part in their Living Seas Project based around Aberystwyth, New Quay and Llanrhystud beaches. We collected data on marine mammal occurrence and behaviour, and on shoreline species prevalence and density. We recorded at least 38 species on the shores of the Welsh coast, including 13 types of brown, green and red seaweed (algae), eight molluscs, seven crustaceans and one fish species! Our mini bio-blitzes also recorded 80 species along the coastal path, a highlight being watching a peregrine falcon feeding on the cliffs. This data allows the Wildlife Trusts to monitor ongoing trends, and highlight areas in need of protection and conservation support. Any spare time we had during this week was spent beach cleaning when we removed nearly 2500 pieces of litter.

We also ran a fantastic public event to celebrate World Oceans Day, welcoming over 700 people.

We kick-started week two with an intense day of habitat management with the Woodland Trust in a site of ancient Welsh woodland, Cefn Coch, near Machynlleth, where invasive non-native rhododendron and western hemlock trees are choking out and taking away essential resources from native tree species.

Working with the Summit to Sea Project, we carried out more surveys, trialled an exciting new walking route, and assisted with traditional construction techniques to build facilities to enable people to explore the Welsh countryside. We conducted baseline surveys to record wildlife. The data we gathered will help to inform future conservation action, including action to manage and protect priority species and habitats.

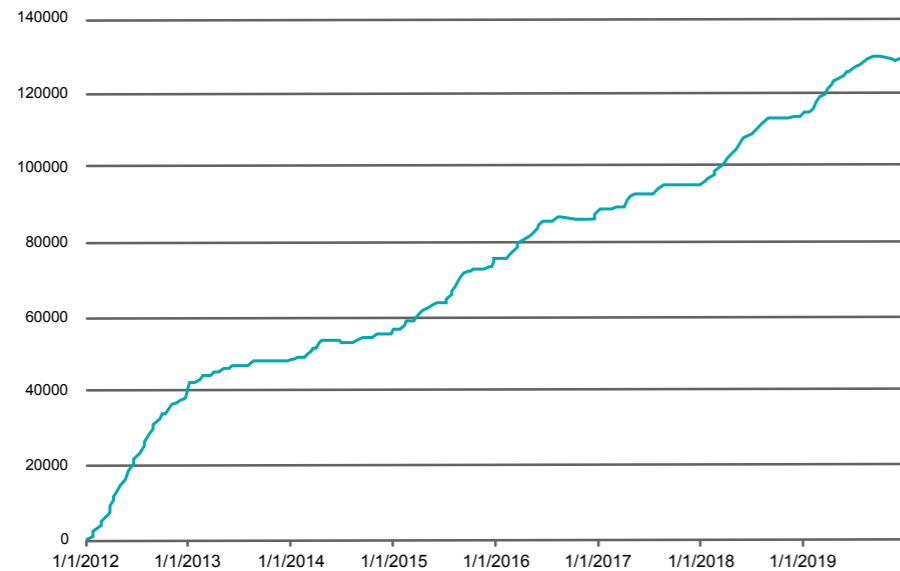


Our Campaigns and Partnerships

Membership

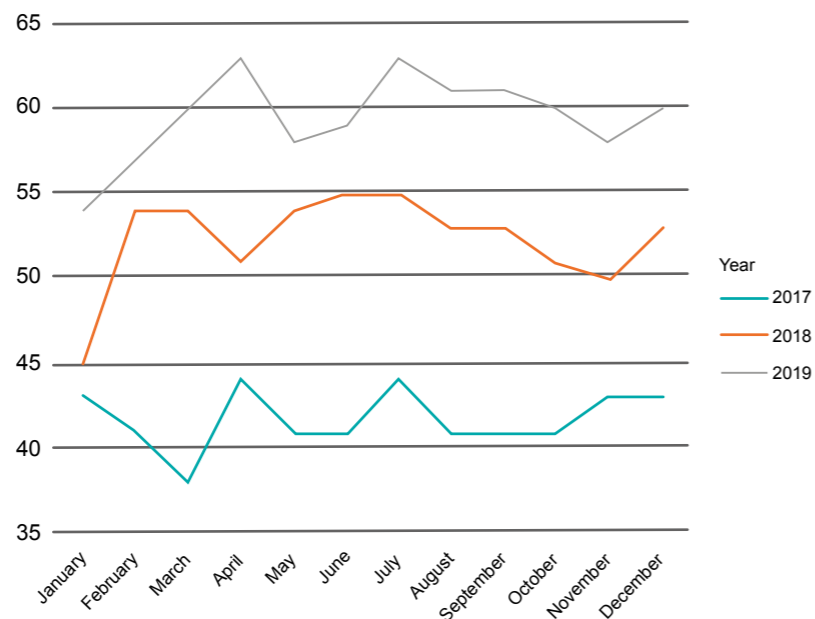
We ended 2019 with a record total of 129,483 members which is 14% increase on the previous year.

Number of members over time



Membership renewals were up significantly on the previous year. We have seen large increases in March, April and August due to rolling monthly direct debit payment option. Of course where a large number of new sales are shown in 2018, the renewal figure is reflected in the 2019 renewals. Our retention was at 61% at the end of December 2019.

Renewed %



PR

A month-by-month overview of the topics which featured in the media each month.

JANUARY

- Monsoon Forest aftermath
- Record zoo visitors
- Lego/lions announced
- Soccoro doves hatch



APRIL

- Grasslands plans announced
- Dusky pademelon born
- Six ring-tailed lemurs born
- Joy as Indali Hi Way enters recovery phase



JULY

- Malayan tapir calf born
- Zoo visitors witness chimpanzee birth
- Meerkat pups emerge



OCTOBER

- Red panda cubs emerge
- Zoo unveils new lion habitat
- Eastern bongo calf born



FEBRUARY

- Critically endangered Madagascan tortoises hatch
- Lego big cats arrive
- Zoo cameras capture rare giant pangolins



MAY

- 42,000 tickets given away to school children
- Predators exhibition launches
- Giraffe calf born



AUGUST

- Red panda cubs born
- Trio of rock hyrax pups born
- Zoo announces sleepover as part of Wildlife Connections festival
- Large heath caterpillars destined for wild hatch



NOVEMBER

- Sumatran orangutan born
- The Lanterns opens,



MARCH

- Indali Hi Way fights EEHV
- Madagascar walk-through opens
- Giraffe calf born



JUNE

- Black rhino introduced to Rwanda
- Monorail closure announced
- Zoo announces Lanterns tickets to go on sale
- Bermuda snails returned to wild

SEPTEMBER

- Collared trogon chicks hatch after parents rescued from illegal wildlife trade
- Zoo gets go ahead for Grasslands project



DECEMBER

- Asian short-clawed otter pups born
- How zoo is bouncing back a year after Monsoon Forest fire

2M VISITORS FOR FIRST TIME IN ZOO'S HISTORY

Thank you

At the start of 2019, we continued to be humbled by the sheer number of people who wanted to demonstrate their support of our mission through generous donations following the fire in Monsoon Forest. Over 9,000 amazing donors helped raise over £260,000 for vital conservation work. This fund has already had a positive impact on the species represented within Monsoon Forest, and will continue to do so for many years to come.

We particularly want to highlight Katie Morrison from our elephant team, who held the year-long fundraiser My Mammoth Year. Throughout 2019, Katie took on a different challenge every month, ranging from learning to crochet and going vegan all the way to the Three Peaks Challenge. Katie inspired friends, family, colleagues and zoo visitors to join her on this journey.

2019 also saw the launch of Race for the Rainforest, the brainchild of our local business community, which aims to engage companies and their employees with our sustainable palm oil campaign. After training and fundraising together, participants will take part in the epic Borneo Ultra-Trail Marathon™ in 2021, all to provide support for our reforestation work.

We are grateful to new and existing corporate supporters, who in 2019 shared our ambition and purpose, and used their

sector influence to change consumer behaviour, cultivate a new audience of conservation ambassadors and supported us through funding, expertise and volunteering hours.

With legacies received in 2019 we have been able to build conservation capacity in the Philippines, boost existing programmes and scope brand new projects with our global field partners.

Always stepping up to the challenge, all our supporters have come together over the past year to enable a wide range of conservation initiatives. From kitting out our laboratories in Africa, making homes for native bat populations, to concocting cocktails to help fund the fight against EEHV; we are creating a unique fundraising environment, full of playful curiosity and inclusivity, which will safeguard our planet for generations to come.



With huge thanks to all our supporters:

Conservation Champions

- Co-op
- Craghoppers
- MECX Group
- Saputo Dairy UK
- Rhino Products Ltd

Corporate Champions

- Airbus
- Bank of America
- Darwin Escapes
- MBNA

Corporate Supporters

- 3D Squared
- Barclays Bank
- M&S Bank
- Stagecoach
- Sykes Cottages Ltd
- Toyota Motor Manufacturing Ltd

Retail Partners

- Charlie Bears
- Joe Davies Ltd
- Swarovski

Trusts, Grants & Major Gifts

- Charles Brotherton Trust
- Eric & Dorothy Leach Charitable Trust
- Lord Leverhulme's Charitable Trust
- Marjorie Coote Animal Charity Trust
- Marsh Christian Trust
- Philip Barker Charity
- Ronald & Kathleen Pryor Charity
- World Association of Zoos & Aquariums
- William Dean Countryside and Educational Trust

Incredible Individual Gifts

- The Kershaw Family
- Chris McDermott
- Professor and Mrs Verbov
- Lesley Wilks

To all those remembered with love through gifts in wills and on the Chester Zoo Giving Tree, and to those who wish to remain anonymous: you're incredible.

Our corporate adopters, 51 Sustainable Palm Oil City Champions and our innovative corporate participators.





Financial Review 2019

The year ended 31st December 2019 was a record year for The North of England Zoological Society (the Society) in terms of zoo visitor numbers, income and expenditure on our charitable activities.

Our underlying income rose to £47.4m (2018: £44.3m) whilst underlying expenditure rose to £43.4m (2018: £40.9m). These figures exclude exceptional income of £7.7m receivable from insurers in respect of the Monsoon Forest fire (2018: £5.2m) and exceptional costs relating to the fire of £0.9m (2018: £5.5m).

Having taken account of the net £6.8m increase in funds in respect of these exceptional items the Society reported a £10.8m net increase in funds (2018: £3.0m increase in funds after a net expense of £0.4m relating to exceptional items).

Incoming resources

The bulk of the Society's income comes from the zoo's visitors and members, in the form of admissions and other charges. Visitor numbers reached a record 2,086,785 in 2019, up 6% from 1,969,768 in 2018 with over a third of those visits made by our members. Membership numbers increased by 14% to 129,483 (2018: 114,007) during the year.

Our winter Lanterns event attracted over 111,000 visitors and we welcomed 132,000 education visitors, more than 42,000 of whom visited the zoo free of charge during the winter months under an initiative launched in 2017.

Total visitor related income for 2019, which includes admission fees and membership income, rose by 9% to £30.6m (2018: £28.1m).

As a registered charity, the Society generates voluntary income from visitor donations, Gift Aid, animal adoptions, grants, legacies and other donations. Donations and Gift Aid on general admission was consistent with prior year at £2.9m (2018: £2.9m) reflecting a change in the mix of visitors, with an increasing proportion of visits from the growing membership. Fundraising income, which includes animal adoptions, grants, legacies and other donations fell slightly to £1.2m (2018: £1.3m).

The Society's trading subsidiary, Chester Zoo Enterprises Limited, which provides retail and food & beverage offerings across the zoo site had a turnover of £12.7m in 2019 (2018: £12.0m) which includes the first full year of trading for The Oakfield gastro pub which opened in July 2018.

Exceptional income of £7.7m reflects further income recoverable from insurers in relation to the fire in the Monsoon Forest building. Of this amount £3.6m relates to the reinstatement of the building itself (in addition to £5.2m recognised in 2018), £1.2m relates to contributions from insurers to cover the cost of constructing buildings to house animals displaced by the fire and £2.8m relates to compensation for loss of income and increased costs of working.

An analysis of the sources of 2019 underlying income is shown in the chart [opposite]:

Resources expended

In 2019 the Society spent £43.4m (2018: £40.9m), excluding capital expenditure and exceptional costs relating to the Monsoon Forest fire.

Resources expended on our charitable activities, including the costs of maintaining the animal and plant collection, the visitor facilities, science and education and our field conservation programmes, together with related support costs totalled £31.3m (2018: £29.7m). In addition we spent £0.4m (2018: £0.3m) generating our voluntary income.

Chester Zoo Enterprises Limited had costs of £11.8m (2018: £10.9m), excluding £0.7m of rents paid to the Society (2018: £0.7m), and it made an operating profit of £0.2m in 2019 (2018: £0.4m) which is donated to the Society.

By far the biggest element of expenditure (2019: £18.1m, 2018 £16.3m) relates to our employees and the cost continues

to be impacted by both increases in the number of employees and the ongoing increases to the national living wage. Our average Full Time Equivalent (FTE) headcount for 2019 rose to 618 from 579 in 2018. A third of these employees worked directly in support of the Society's charitable objectives, either with our animal and plant collection or in education, science and research. In addition we benefitted from the hard work of a team of over 200 passionate volunteers.

The chart [below right] shows an analysis of 2019 expenditure (excluding exceptional costs):

Exceptional costs in relation to the fire in the Monsoon Forest were £0.9m (2018: £5.6m) and reflect professional costs and reinstatement costs that are not covered by insurance. The comparative figure of £5.5m in 2018 included a £5.2m impairment charge in relation to elements of the building structure and its fixtures and fittings which were damaged in the fire.

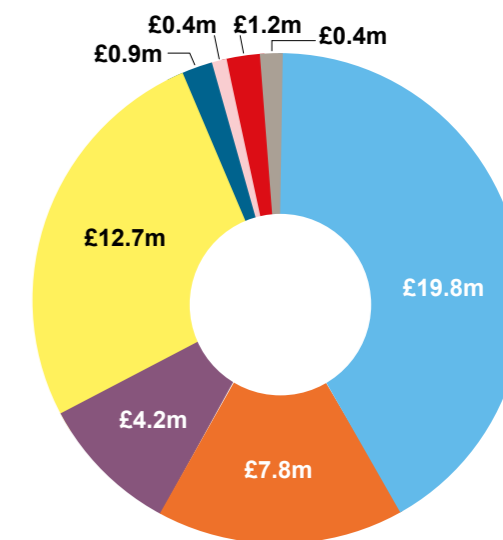
Capital expenditure

During 2019 the Society spent £20.4m on capital expenditure (2018: £10.4m). Of this £5.8m related to the rebuild of the Monsoon Forest and construction of buildings to house animals displaced by the fire. Other capital projects included the opening of our new Madagascar zone, completion of a new habitat for our Asiatic Lions, design and feasibility work on the Grasslands development, which received planning permission in late 2019. Construction of an off show facility that will allow for management and breeding of our collection ahead of the planned Grasslands development, construction of a new maintenance facility and investment in new IT systems.

Borrowings, investments and reserves

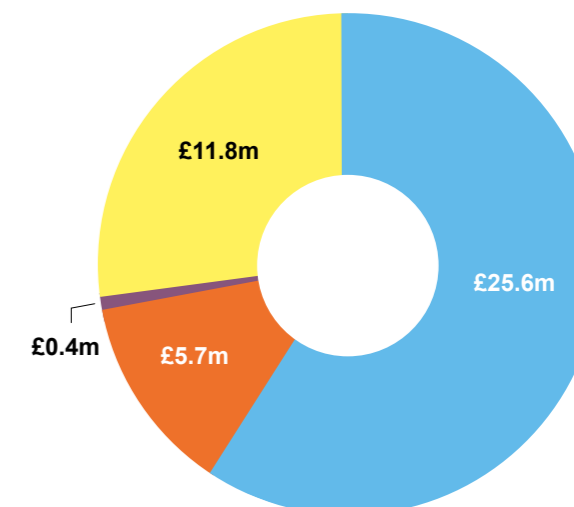
At the end of 2019 the Society had borrowed £12.1m and had £4.8m of cash reserves, including £1.7m of cash reserves held in escrow for future funding of the defined benefit pension scheme which was closed to future accrual in 2012. At 31 December 2019 the Society had access to £7.9m of undrawn borrowings and £3.1m of cash reserves.

2019 Income



- Admissions
- Memberships & adoptions
- Visitor donations & Gift Aid
- Food & Beverage & Retail
- Fundraising
- Monorail
- Events
- Other income

2019 Expenditure



- Animal & plant collection
- Conservation & science & education
- Fundraising
- Food beverage & retail

Highlights of the year

JANUARY



Two Socorro dove chicks – a species that was declared extinct in the wild in the 1970s – hatch at the zoo

FEBRUARY



The first colour camera trap footage ever recorded of giant pangolins in Uganda is captured by zoo researchers

MARCH



Chester is named the world's first Sustainable Palm Oil City, following a major zoo campaign

APRIL



The first dusky pademelon joey ever to be born at the zoo starts to peek out of its mum's pouch

MAY



A world first exhibition of robotic predators opens, showcasing over 200 million years of lost species

JUNE



Elephant calf Indali Hi Way makes a full recovery from EEHV, after receiving ground-breaking treatment

JULY



Star in stripes and spots! Staff celebrate the birth of an endangered Malayan tapir

AUGUST



Rare caterpillars, destined for release in parts of North West England where they have been extinct for a century, hatch

SEPTEMBER



Collared trogon chicks hatch in a world first after parents are rescued from illegal wildlife traders

OCTOBER



A pride of Asiatic lions – the world's rarest lion species – takes its first steps in a specially-created new home

NOVEMBER



A critically endangered Sumatran orangutan is born to mum, Subis

DECEMBER



Zoo announces record attendance figures with two million visitors recorded for the first time

Front cover: Cassowary

www.chesterzoo.org

Registered Charity Number 306077
Registered Company Number 287902

North of England Zoological Society
Caughall Road
Upton by Chester
Chester CH2 1LH
Tel: 01244 380280

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The North of England Zoological Society

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

Year ended 31st December 2019

Registered Charity Number 306077
Registered Company No. 00287902

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Reference and Administrative Details of the North of England Zoological Society, its Trustees and Advisors

Honorary Positions

Vice President

The Honourable Lady Jane Heber-Percy

Trustees on the date of this report and serving during the year:

Elected by the members

Bruce Ursell – Chairman

Malcolm Ardron – Vice Chairman

William Beale – Vice Chairman

Edwin Christmas

Penny Coates

Sandra Donnelly

Professor Richard Griffiths

Professor David MacDonald

Angela Pinnington

Lee Rawlinson (Appointed 25 June 2019)

Simon Venables

Co-opted by the Trustees

Professor Russell Newton (Co-opted 25 June 2019)

Jen Carter (Co-opted 25 June 2019)

Principal Executives

Dr Mark Pilgrim – Chief Executive Officer

Jamie Christon – Chief Operating Officer

Company Secretary

Aarco Services Limited represented by Nick Clarke

External Advisors to the Ethical Review Committee

Dr Ian Dunbar

Professor Richard Preziosi

Dr Thomas Webb

Independent Auditor

Grant Thornton UK LLP, Royal Liver Building, Liverpool, L3 1PS

Internal Auditor

RSM, 20 Chapel Street, Liverpool, L3 9AG

Reference and Administrative Details of the North of England Zoological Society, its Trustees and Advisors

Solicitors

Aaron & Partners, Grosvenor Court, Foregate Street, Chester, CH1 1HG

DTM Legal LLP, Archway House, Station Road, Chester, CH1 3DR

Hill Dickinson, No.1 St. Paul's Square, Liverpool, L3 9SJ

Jolliffe & Co, 6 St John Street, Chester, CH1 1DA

Bankers

Santander, 7th Floor, 4 St Paul's Square, Liverpool, L3 9SJ

HSBC, 47 Eastgate Street, Chester, Cheshire, CH1 1XW

Actuaries

Spence & Partners Limited, The Culzean Building, 36 Renfield Street, Glasgow, G2 1LU.

Trustees' Report for the Year Ended 31 December 2019

Introduction

The Trustees of the North of England Zoological Society ("NEZS" or "the Charity") are pleased to present their annual report together with the consolidated financial statements of the Charity and its subsidiaries for the year ended 31 December 2019 which are also prepared to meet the requirements for a directors' report and financial statements for Companies Act 2006 purposes. NEZS is a conservation and education charity which owns and runs Chester Zoo. Further information about NEZS's activities during 2019 can be found in the "Chester Zoo Annual Review" which is published separately and can be downloaded from www.chesterzoo.org.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Society's Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Strategic Report

Objectives and Strategy

The Society's objects, as set out in its Memorandum and Articles of Association, are

- (a) to promote the conservation of the physical and natural environment by promoting biodiversity; and
- (b) to advance the education of the public on the conservation of the physical and natural world and the promotion of biodiversity; in particular by, but not limited to, the provision of public education, scientific study and the maintenance of endangered animals, plants and habitats in both protective and natural environments.

Our Mission

Preventing Extinction

Our Strategy

The Society's five-year strategic plan was launched in 2018 and supports the mission statement "Preventing Extinction". The strategic plan contains six strategic objectives which are:

- Preventing extinction by achieving the greatest conservation impact
- Preventing extinction by being a world class visitor attraction
- Preventing extinction by providing exceptional animal and plant care
- Preventing extinction by ensuring financial stability
- Preventing extinction by developing our people
- Preventing extinction by being a voice for change

Trustees' Report for the Year Ended 31 December 2019

Achievements and Performance in 2019

At the time of writing this we are grappling with the effects of Covid 19, a long period of zoo closure and its impact on our operations but we do need to recognise that 2019 was a very special year for Chester Zoo. For the first time we attracted over 2 million visitors and our society membership grew to 129,483; the highest it has ever been. Not only does this fund our work as a major conservation and education charity, but it enables us to better communicate how we pursue our mission of preventing extinction, both in the zoo and around the world.

The growth was all the more noteworthy given that these record figures were achieved whilst Monsoon Forest in Islands, our largest ever investment, remained closed for the whole of 2019 following the fire in December 2018. All plants and trees will be replaced, once building work is complete, and then we can look forward to re-opening this fantastic building in 2020.

Our increased visitor numbers delivered record income for our mission, but the growth of the zoo of course led to increased costs. We continue to progress with our Strategic Development Plan which will reshape the zoo over time, highlighting the "one plan" approach to conservation working in collaboration with others to save species, and our efforts around the globe which focus on key geographical areas of biodiversity.

As a major visitor attraction we really do recognise the importance of our further development and investment. This brings success to the local and sub-regional economy. Last year we employed over 1,000 staff at our peak periods, with over 200 volunteers.

We have achieved much that we feel reflects on the dedication and skill of our teams but to list just a few highlights of the year:

- We opened the Madagascar zone, which includes our first primate walk-through habitat featuring some of the island's most threatened species
- We carried out the world's first radio tagging of a giant pangolin, one of the world's most trafficked species.
- We led the return to Rwanda of a group of Eastern black rhino bred in European zoos.
- We bred and returned 4,000 Bermudian snails to Nonsuch Island, Bermuda.
- The Asiatic lions were given a fantastic new habitat
- We saw our first ever successful treatment of an elephant calf to survive EEHV, a result of our ground-breaking research into this disease which is impacting heavily on Asian elephant numbers, both in zoos and in the wild.
- We provided over 40,000 free education visits as part of the 130,000 school visits
- We were named in the Sunday Times list of Top 100 Not for Profit Employers
- Through our Conservation Scholars programme we trained 30 PhD students from 11 Universities

Progressive zoos around the world have a pivotal part to play in reconnecting people to nature, encouraging a respect and love of wildlife and empowering people to make positive changes to protect it. This is vital, not only for wildlife but for all of us. We ultimately rely on clean water, clean

Trustees' Report for the Year Ended 31 December 2019

air and a healthy thriving environment in which we live. We cannot and will not achieve this without radical changes if we want to conserve the world in which we live.

We recognise that the world has reached a critical milestone and the future of the planet relies on the advocacy of us and others to bring about real change in behaviour. 2019 marked a year when we finally saw governments around the world begin to highlight the impacts of climate change, where we saw young people campaign to protect their future and where we saw major companies start to place climate change and the carbon agenda front and centre of their mission.

Chester Zoo supported this by eliminating two million pieces of plastic from its operation, by championing Chester as the first sustainable palm oil city in the world, by lobbying politicians on the climate change emergency, by engaging with thousands of school children and weaving conservation into the education curriculum, and by working around the world supporting impactful programmes of change.

At the end of the year we created a Youth Board to support the Trustees and Executive to connect with and mobilise the ideas of a generation who are not usually regular zoo visitors but amongst whom there is real concern for the direction in which most countries and populations have been travelling.

We are privileged and proud to lead this organisation and its mission in all its aspects. Our teams are dedicated to preventing extinction as well as continuing to provide our visitors with a memorable and, hopefully enlightening, experience. As a charity, we rely on our members and visitors to join with us in helping us achieve our mission. We look forward to that support in 2020.

A full review of the Society's achievements and performance in 2019 can be found in the "Chester Zoo Annual Review" which is published separately and can be downloaded from www.chesterzoo.org.

Going concern and COVID-19

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Trustees are required to consider whether the Society and the group can continue in operational existence for the foreseeable future.

Information in relation to the Society and group's activities, together with the factors likely to affect future development, performance and position is set out in this Strategic Report, including the Principal Risks and Uncertainties section on page 16.

The zoo was closed for nearly three months after the year end, resulting in a significant drop in income. As of the date of this report the zoo has reopened, albeit with reduced visitor capacity and income. Operating costs have been significantly reduced with discretionary spend curtailed. The Society has utilised the government's Job Retention scheme for those key staff not needed to maintain operations during closure and whilst visitor numbers and income remain restricted. A voluntary release scheme has led to 35 members of staff leaving the organisation and some compulsory redundancies are likely to follow. Capital expenditure plans have been suspended, with only those projects that were in progress at the time of closure continuing to completion.

Trustees' Report for the Year Ended 31 December 2019

In early May 2020 the Society agreed a new banking facility with Santander, comprising a £22m Revolving Credit Facility and a £2m overdraft. The facility was intended to be used in the main to fund the Grasslands development, which has now been delayed and the facility has instead provided additional headroom during an uncertain period.

The facility is provided subject to two financial covenants which are tested quarterly: net debt to EBITDA (leverage) and EBITDA to net finance charges. In recognition of the current macroeconomic uncertainty, the Society's bank has agreed to suspend testing of these covenants until June 2021.

A fundraising campaign was launched in June 2020 to address the shortfall in income due to the closure and to highlight the financial impact of the ongoing closure. We are very grateful for the generous donations together with purchases of memberships and adoptions, which have raised over £3m. With the subsequent re-opening of the zoo, the Society is expected to generate sufficient income for the Society to meet the covenant tests in the facility.

The Trustees consider that the Society and group are well placed to manage the risks within its control and mitigate those outside its control, including the impact of the COVID-19 pandemic. After the review of forecasts and predictions for the period to 31st December 2021, taking account of reasonably possible changes in income and considering the existing banking facilities, including the available liquidity and covenant tests, the Trustees have a reasonable expectation that the Society and group has adequate resources to continue in operational existence for the next 12 months following the date of approval of the financial statements.

However, there remains uncertainty as to the development of the COVID-19 pandemic and further national or local lockdowns remain a possibility. The ability of the Society to withstand a second closure depends on its timing and duration – a short closure during the summer would result in greater lost income than a longer closure during the winter. In addition the potential of an economic downturn following the pandemic may impact visitor numbers and memberships. As a consequence of these uncertainties the Trustees have considered downside scenarios that reflect such potential closures.

The most severe scenario considered was that the zoo was closed again in August, September and October 2020. Set against this were mitigating actions including further reductions in expenditure, including staffing costs, with further utilisation of the Job Retention scheme. Such a closure would be expected to result in a further £6m reduction in the surplus (or increase in the deficit) forecast for the 2020 financial year.

Whilst there is sufficient headroom in the current banking facility to manage such a closure, in the event the closure extended beyond a period of 5 weeks in the summer and 10 weeks in the winter there is the potential for a covenant breach at June 2021. The bank remains supportive, as indicated by the agreed suspension of covenant tests, and further flexibility may be available in the future if required.

The impact of a second closure, particularly during peak season, indicates a material uncertainty outside the control of the Society which may cast significant doubt over the Society's ability to continue as a going concern in the event that, if the closure resulted in a covenant breach, the bank elected to trigger a repayment of outstanding debt. In such circumstances and without further

Trustees' Report for the Year Ended 31 December 2019

mitigating actions, the Society may be unable to realise assets and discharge liabilities in the normal course of business. The Society's financial statements do not include the adjustments that would result if the Society and group were unable to continue as a going concern.

Having undertaken this work, and considered the uncertainties described above, the Trustees are of the opinion that the Society and group has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Equal Opportunities

The Society is an equal opportunities employer and is committed to promoting equal opportunity for all staff and job applicants. The Society has an equal opportunities policy and does not discriminate against staff on the basis of their gender, sexual orientation, marital or civil partner status, gender reassignment, race, colour, nationality, ethnic or national origin, religion or belief, disability or age. This policy applies to all aspects of our relationship with staff and to relations between staff members at all levels. This includes job advertisements, recruitment and selection, training and development, opportunities for promotion, conditions of service, pay and benefits, conduct at work, disciplinary and grievance procedures, and termination of employment.

As a large charity, the Society publishes a Gender Pay Gap report, the results of which highlight the equal opportunities available regardless of gender. Details of the report can be found at www.chesterzoo.org.

Public Benefit

The Trustees have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public guidance published by the Charity Commission, including its supplementary guidance on fee charging.

The Society relies on income from admission fees, food & beverage and retail sales and other charges to cover its operating costs and in setting the pricing structure, the Trustees give careful consideration to the accessibility of the zoo to those on low incomes. Coupled with a flexible pricing structure, many visitors enjoy concessionary prices which are set to encourage visits by children, students, families, senior citizens and those with disabilities, with 85,000 receiving free admission, together with 224,000 visits by under 3s who visit for free. There were more than 132,000 concessionary priced education visits, of which over 42,000 received free admission and more than 31,000 were taught by our education team.

Grant making

The Society supports a wide range of conservation and research activities both in the zoo and externally, often in partnership with other organisations to whom we provide ongoing financial support. One-off annual grants including scholarships are also awarded. In 2019 the Society gave grants totalling £1.0m (2018: £0.9m).

Trustees' Report for the Year Ended 31 December 2019

Criteria for funding support for projects include feasibility; expected conservation outcomes; qualification of project personnel; capacity building; benefits to local communities; relevance to other conservation initiatives of the zoo and regions or countries where the zoo already has a field conservation focus; links to species within the collection plan and opportunities for technical support from zoo employees.

Primarily support is provided to those projects which are judged to have potential to make a significant positive conservation impact. Applications are requested to be made on our standard grant application forms and these are reviewed internally against standardised criteria before a funding decision is made.

Financial Review 2019

The year ended 31st December 2019 was a record year for The North of England Zoological Society (the Society) in terms of zoo visitor numbers; and income and expenditure on our charitable activities.

Our underlying income rose to £47.4m (2018: £44.3m) whilst underlying expenditure rose to £43.4m (2018: £40.9m). These figures exclude exceptional income of £7.7m receivable from insurers in respect of the Monsoon Forest fire (2018: £5.2m), of which £5.2m is treated as restricted funds until spent, and exceptional costs relating to the fire of £0.9m (2018: £5.5m).

Having taken account of the net £6.8m increase in funds in respect of these exceptional items the Society reported a £10.8m net increase in funds (2018: £3.0m increase in funds after a net expense of £0.4m relating to exceptional items).

Incoming resources

The majority of the Society's income comes from the zoo's visitors and members, in the form of admissions and other charges. Visitor numbers reached a record 2,086,785 in 2019, up 6% from 1,969,768 in 2018 with over a third of those visits made by our members. Membership numbers increased by 14 % to 129,483 (2018: 114,007) during the year. Our winter Lanterns event attracted over 111,000 visitors and we welcomed 132,000 education visitors, more than 42,000 of whom visited the zoo for free during the winter months under an initiative launched in 2017.

Total visitor related income for 2019, which includes admission fees and membership income, rose by 9% to £30.6m (2018: £28.1m).

As a registered charity the Society generates voluntary income from visitor donations, Gift Aid, animal adoptions, grants, legacies and other donations. Donations and Gift Aid on general admission was consistent with prior year at £2.9m (2018: £2.9m) reflecting a change in the mix of visitors, with an increasing proportion of visits from the growing membership. Fundraising income, which includes animal adoptions, grants, legacies and other donations fell slightly to £1.2m (2018: £1.3m).

The Society's trading subsidiary, Chester Zoo Enterprises Limited, which provides retail and food & beverage offerings across the Zoo site had a turnover of £12.7m in 2019 (2018: £12.0m) which includes the first full year of trading for The Oakfield gastro pub which opened in July 2018.

Trustees' Report for the Year Ended 31 December 2019

Exceptional income of £7.7m reflects further income recoverable from insurers in relation to the fire in the Monsoon Forest building. Of this amount £3.6m relates to the reinstatement of the building itself (in addition to £5.2m recognised in 2018), £1.2m relates to contributions from insurers to cover the cost of constructing buildings to house animals displaced by the fire together and £2.8m relates to compensation for loss of income and increased costs of working.

Resources expended

In 2019 the Society spent £43.4m (2018: £40.9m), excluding capital expenditure and exceptional costs relating to the Monsoon Forest fire.

Resources expended on our charitable activities, including the costs of maintaining the animal & plant collection, the visitor facilities, science and education and our field conservation programmes, together with related support costs totalled £31.3m (2018: £29.7m). In addition we spent £0.4m (2018: £0.3m) generating our voluntary income.

Information on the charitable activities undertaken can be found at www.chesterzoo.org and in the Society's 2019 Annual Review.

Chester Zoo Enterprises Limited had costs of £11.8m (2018: £10.9m), excluding £0.7m of rents paid to the Society (2018: £0.7m), and it made an operating profit of £0.2m in 2019 (2018: £0.4m) which is donated to the Society.

By far the biggest element of operating expenditure (2019: £18.1m, 2018 £16.3m) relates to our employees, who all work towards our mission of preventing extinction. Our staff cost continues to increase, reflecting both increases in the number of employees and the ongoing increases to the national living wage. Our average Full Time Equivalent (FTE) headcount for 2019 was 618 compared to 579 in 2018. A third of these employees worked directly in support of the Society's charitable objectives, either with our animal & plant collection or in education, science and research. In addition we benefitted from the hard work of a team of over 200 passionate volunteers.

Exceptional costs in relation to the fire in the Monsoon Forest were £0.9m (2018: £5.5m) and reflect professional costs and reinstatement costs that are not covered by insurance. The comparative figure of £5.5m in 2018 included a £5.2m impairment charge in relation to elements of the building structure and its fixtures and fittings which were damaged in the fire. Included within the financial statements is a prior year adjustment in relation to the treatment of income and expenditure relating to the fire, detail can be found in note 26.

Capital expenditure

During 2019 the Society spent £20.4m on capital expenditure (2018: £10.4m). Of this £5.8m related to the rebuild of the Monsoon Forest and construction of buildings to house animals displaced by the fire. Other capital projects included the opening of our new Madagascar zone, completion of a new habitat for our Asiatic Lions, design and feasibility work on the Grasslands development, which received planning permission in late 2019, construction of an off show facility which will allow for management and breeding of our collection ahead of the planned Grasslands development, construction of a new maintenance facility and investment in new IT systems.

Trustees' Report for the Year Ended 31 December 2019

Borrowings, investments and reserves

It is the general policy of the Society to apply towards its charitable objectives as much funding as it reasonably can, to avoid accumulating excessive reserves. Where considered appropriate and being mindful not to overcommit the Charity, borrowings are undertaken to fund elements of significant capital projects.

In setting its reserves policy the Society takes account of its continuing financial commitments in terms of staffing and overheads including the costs of maintaining the animal and plant collection and funding its charitable activities. The Society also considers the risk that its income for any particular year may be impacted by a number of factors outside the Society's control such as periods of prolonged wet weather at peak visitor times, competition from other visitor attractions, social trends, varying levels of economic prosperity and employment, alongside the potential for closure of the zoo to visitors due to the outbreak of contagious disease. The impact of this final risk has been highlighted during the COVID-19 pandemic.

Having considered these factors, the Society maintained minimum available cash reserves of £1.9m at all times during 2019 (2018: £1.5m) supplemented by a minimum £0.5m of undrawn committed borrowing facilities. Such reserves being sufficient for the zoo to operate without significant curtailment of its activities for a period of up to one month. As part of the post COVID-19 recovery plan, Trustees will review the reserves policy during 2020.

At the end of 2019 the Society had borrowed £12.1m and had £4.8m of cash reserves, including £1.7m of cash reserves held in escrow for the defined benefit pension scheme. At 31st December 2019 the Society's borrowing facility comprised a £18m unsecured revolving credit facility, which is in place until April 2023 and a £2.0m overdraft facility which is renewable annually in August. At 31 December 2019 the Society had access to £7.9m of undrawn borrowings and £3.1m of cash reserves.

In May 2020, the Society agreed an extension to the borrowing facility, with an increase in the revolving credit facility to £22m, being made available until May 2025.

Pensions

The Society's defined benefit pension scheme was closed to future accrual in 2012 and at 31 December 2019 reported a surplus of £3.3m under FRS102 (2018: £4.6m). During 2019, in accordance with an agreement with the Pension Trustees, the Society deposited a further £0.7m into an escrow account held by the Society, which had a balance of £1.7m at 31st December 2019 and is to be used, if required, to fund a buyout of the scheme, when the scheme liabilities would be fully secured with an insurer. The reported surplus, which excludes the amount held in the escrow account, is not recognised in the financial statements as the Society cannot gain economic benefit from it.

Trustees' Report for the Year Ended 31 December 2019

The Society now operates a defined contribution scheme which is open to all employees. For permanent employees who contribute 3% or more, the Society makes a contribution that is 2% more than the employee contribution up to a maximum of 9%. Qualifying seasonal employees are enrolled into the NEST pension scheme with contributions in line with government rates.

Fundraising

The Society is committed to making fundraising a fair, responsible and joyous experience for our supporters and those who fundraise on our behalf. We are committed to building and maintaining trust. We want people to feel connected to our work and understand the incredible impact their donations make.

The Society is wholly committed to good fundraising practice and as such we're signed up with the Fundraising Regulator. Both the organisation, and the fundraisers operating within it, abide by the Code of Fundraising Practice.

We do not undertake fundraising that we consider to be intrusive or not akin to the inclusive culture of our organisation, and have taken the decision to eliminate the following activities from our fundraising:

- Telephone fundraising (either in-house or third party)
- Mass unaddressed direct-mail postal fundraising campaigns
- Door-to-door campaigns
- Wealth screening through third party organisations
- Direct cold telephone asks to individuals where there is no personal link or connection
- Direct outbound SMS fundraising campaigns

In 2019, we employed three permanent professional fundraisers, and sought external support from five consultants, to work on corporate giving, trusts, foundations and grants, legacy and in-memory giving and individual donations (including digital). All are members of the Institute of Fundraising.

Professional fundraisers contracted to work on our behalf must either be a member of the Institute of Fundraising, or be contracted on terms which directly embrace the Fundraising Promise, the Code of Practice and our own fundraising ethics. Consultants are not remunerated by commission or commission-only methods.

The permanent fundraising team are subject to regular meetings to monitor activity, reporting directly to the Directorate team about all areas of giving. The fundraising team report to the board at every meeting to ensure trustees have a clear understanding of fundraising processes and activities.

Consultants working on our behalf are very much treated like part of the core team, with regular update meetings to assess style, tone and content of any proposals, applications or asks and monitoring targets of quality assurance and compliance.

Trustees' Report for the Year Ended 31 December 2019

Individuals, community groups, corporate social committees and schools often want to fundraise to donate to Chester Zoo. We support those by providing free and accessible guides to responsible and safe fundraising, pointing them to guidance provided by the Fundraising Regulator. Where we feel it is appropriate we will issue them with a Letter of Authority, solicitation statement or commercial participation agreement.

The Fundraising T&C's section of the Chester Zoo website outlines our fundraising complaints process and the steps we take to resolve any issue brought to us. From here, we also help people to access the Fundraising Regulator for advice and guidance. In 2019 we did not receive any complaints relating to our fundraising activities and received no action requests from the Fundraising Preference Service.

Safeguarding, and treating donors fairly, is paramount to our work. We support people on their donation journey with us, in whatever capacity requested or needed, responding to the needs of the individual as per the Code of Fundraising Practice.

With relevant permissions, we communicate with our supporters so any indicators of additional required care become apparent (such as bereavement or personal circumstances). We take measures to protect donors including delaying the acceptance of gifts, returning gifts (cooling off period), monitoring online giving for gifts made in error or malicious activity, and ensuring there is clear transparency as to where a gift will be used.

If we believe an individual lacks sound capacity to make a donation, it will not be taken. Returned donations will be logged on our dedicated database, so we can prepare if another donation is made or attempted, making a reasoned judgment and acting appropriately.

Supporters under the age of 16 must have explicit guardian approval, and must be accompanied by their guardian during any telephone communications and during their fundraising. They will not receive any general fundraising communications from us.

We take all reasonable steps to ensure that supporters understand the context, implications and use of their donation and our campaigns are carefully managed to never place undue emotional pressure to donate.

Trustees' Report for the Year Ended 31 December 2019

Restricted and Designated Funds

Restricted income funds derive from donations, grants and legacies received and are put towards a variety of specific capital projects and conservation activities. Unrestricted income funds may be designated or freely available for the Society's general charitable purposes.

After setting aside restricted income funds, the Society keeps a minimum cash deposit of £1.9m set aside as a free reserve (page 12). The balance of available funds at the balance sheet date are designated as follows:

- to the defined benefit pension scheme; where the Society has a strategy to move the scheme towards a buy-out with an insurer in the medium term;
- to funds that could only be realised by disposing of fixed assets held for charitable use, up to a maximum of the net book value of those fixed assets at the balance sheet date.

The Trustees do not consider it necessary to retain income in respect of the Society's designated fund activities. Whilst these funds have been earmarked by the Trustees for particular purposes or uses, they are not committed or restricted legally.

At 31 December 2019 the Society had total funds employed of £61.4m (2018: £50.6m) of which £7.7m (2018: £6.9m) were restricted, £1.9m were free (2018: £1.5m) and the balance of £51.8m (2018: £42.2m) were designated.

Plans for Future Periods & Post Balance Sheet Events

2019 saw the completion of a number of projects as part of the zoo's strategic development plan.

2020 was due to see the start of the next major project, construction of the Grasslands development, which had been planned to start in late 2020 and to be complete for summer 2023.

These plans had already been deferred for a year due to the impact of the project to rebuild the Monsoon Forest and have now been further impacted by the COVID-19 pandemic which has had a significant impact on the zoo's visitor numbers and the Society's income.

The Trustees, as part of the post COVID-19 recovery plan, will now review the scope and timing of all planned strategic capital projects, including the Grasslands development and the associated Overnight Stay plans. At 31st December 2019, the Society had incurred costs of £1.1m in relation to the planning and design of the Grasslands and Overnight Stay projects and the full recoverability of these costs may be impacted by the outcome of this review.

Trustees' Report for the Year Ended 31 December 2019

Principal Risks and Uncertainties

The Trustees have set a risk management strategy which sets out responsibilities for risk management across the Society, the Society's risk appetite, a process for reporting, review and escalation in relation to identified risks and links to the internal control environment and external legal frameworks.

The Trustees actively review the major risks that the Society faces on a regular basis against the relevant mitigating internal controls and believe that maintaining cash reserves within defined levels, alongside appropriate insurances will provide sufficient resources in the event of most adverse conditions.

The key risks identified by the Trustees are:

- A major event either within or outside the control or influence of management threatens staff and/or public safety or zoo operations. The COVID-19 pandemic is an example of such an event and the long term effect of the pandemic is likely to impact the way the zoo operates for the foreseeable the future.
- Standards of animal husbandry and care are insufficient resulting in reputational damage.
- A significant downturn in financial performance for a prolonged period.
- Animal or plant disease outbreak causing loss to collection or inability to move animals.
- Zoos are not seen as morally acceptable by the public.

The effectiveness of the Society's risk assessment procedures are reviewed by the Audit & Risk Management Committee. The Society's internal auditors undertake a schedule of internal audits determined and scoped by the Audit & Risk Management Committee and report back to the committee on a regular basis. The internal auditors also provide advice and guidance on the Society's overall risk management process.

Structure, Governance and Management

The North of England Zoological Society ("the Society") is a registered charity (Number 306077) and a company limited by guarantee (Number 00287902), regulated by its Memorandum and Articles of Association. Its principal and registered office is Cedar House, Chester Zoo, Caughall Road, Upton, Chester, CH2 1LH.

The Society, which owns and operates Chester Zoo, also wholly owns a trading subsidiary company, Chester Zoo Enterprises Limited, registered in England with company number 02669535, whose taxable profits are distributed to the Society via Gift Aid.

Chester Zoo Foundation Nigeria ("CZFN"), an unlimited company (registered in England with company number 08904330) is a wholly owned subsidiary of Chester Zoo (Nigeria) Limited ("CZNL"), a limited company (registered in England, no. 08374657) and a wholly-owned subsidiary of the Society. Both CZNL and CZFN are now close to being dormant having originally been established to facilitate the Society's conservation activities in Nigeria.

The Society is also the sole member of the North of England Zoological Society Pension Trustee Company Limited, a company limited by guarantee (registered in England with company number 09173532) which provides governance of the Society's defined benefit pension scheme.

Trustees and Governance

The Trustees, as a body of charity trustees and as directors for the purposes of company law, have general control and management of the administration of the Society. They determine the strategic direction and policies of the Society, with consultation and discussion with the Chief Executive Officer and Chief Operating Officer of the Society as Principal Executives and their teams who implement these policies.

The number of Trustees shall be not less than three and not more than sixteen of whom not more than thirteen shall be Elected Trustees and not more than three shall be Co-opted Trustees. Elected Trustees, who must be members of the Society, are elected by the members at the Annual General Meeting to serve for a maximum of six years. Co-opted Trustees are co-opted by the Trustees and may serve for up to fifteen months from being appointed. The Trustees hold at least six formal meetings each year, together with an Annual General Meeting. The Chairman and Vice Chairmen are elected by the Trustees from their current membership, for a period not exceeding three years before re-election for a maximum of one further term not exceeding three years. They are not required to retire as Trustees in accordance with the six year maximum in this circumstance.

Structure, Governance and Management

Key Responsibilities of the Trustees

To manage the business of the Society and to hold the Society “in trust” for current and future beneficiaries by:

- ensuring that the Society has a clear vision, mission and strategic direction and is focused on achieving these;
- being responsible for the performance of the Society, its employees and for its “corporate” behaviour;
- ensuring that the Society complies with legal and regulatory requirements;
- acting as guardians of the Society’s assets, both tangible and intangible, taking all due care over their security, deployment and proper application; and
- ensuring that the Society’s governance is of the highest possible standard.

Trustee Committees

In 2019, Trustees delegated aspects of their powers to committees consisting of some of their members and specialist advisors. These committees report to the Trustees.

Ethical Review Committee – prime responsibility for advising the Executive of the Society, on behalf of the Trustees, in respect of all research and ethics, and to oversee the ethical activities of the Society insofar as they relate to the advancement of the Society’s stated mission.

Audit & Risk Management Committee – prime responsibility to review the effectiveness and integrity of systems for internal financial control, risk assessment procedures, information technology security, procedures for detecting fraud, appointment of a senior finance team, appointment of independent and internal auditors and review of audit findings and to investigate, on behalf of the Trustees, any financial and administrative matter which may put the charity at risk.

Remuneration Committee – prime responsibility is to determine the remuneration for the principal executives on behalf of the Trustees. Remuneration for other key managers are set by the principal executive in consultation with the remuneration committee. The society engages Hay Korn Ferry to benchmark remuneration against the not for profit sector outside London and uses these benchmarks where possible in determining remuneration.

Trustee Nominations Committee – takes responsibility for identifying and proposing new Trustees, and (if elected) for their subsequent induction, support and development.

Strategic Development Committee – responsible for ensuring that the Strategic Development Plan (SDP) is implemented in accordance with the strategy set out by Trustees. Monitors progress, scrutinises and makes decisions in respect of individual strategic capital projects in respect of the overall SDP with regard to quality, cost and overall programme. Makes recommendations to the Board of Trustees for any issues of significance in respect of the SDP and its implementation.

Structure, Governance and Management

Trustee involvement in each committee at 31 December 2019 is set out in the table below:

| Committees | Ethical Review | Audit and Risk Management | Remuneration | Trustee Nominations | Strategic Development |
|------------------------|----------------|---------------------------|--------------|---------------------|-----------------------|
| Bruce Ursell | | | Chair | Chair | x |
| Malcolm Ardron | | | x | x | Chair |
| William Beale | x | | x | x | x |
| Jen Carter | | | | | |
| Edwin Christmas | | | | | |
| Penny Coates | | x | | | x |
| Sandra Donnelly | | | | | |
| Prof Richard Griffiths | x | | | | |
| Prof David MacDonald | | | | | |
| Prof Russell Newton | Chair | x | | | |
| Angela Pinnington | x | x | | | |
| Lee Rawlinson | | | | | |
| Simon Venables | | Chair | | | |

Trustees – Recruitment

If there are vacancies in any year, the Trustee Nominations Committee prepares a list of names of members of the Society that they recommend for election to the Trustee board at the Annual General meeting. Such recommendations are made having regard to the maintenance of an appropriate mix of skills on the Trustee Board to ensure adequate management of the zoo and protection of the Society's assets.

Structure, Governance and Management

Trustees' Training

The relationship between the executive and the Trustees is fundamental to the Society's success. It is vitally important therefore that the Trustees understand the overall day to-day operational activities of the Society. To this end, new Trustees are required to complete an induction tour of the zoo's various divisions, and to discuss with the executive team the role and function of each division, and the part it plays in the fulfilment of the Society's mission.

Each Trustee is issued with an induction pack on becoming a Trustee that covers their roles and responsibilities and the mission, vision, values, strategy and current plans for the Society. All Trustees are encouraged to attend appropriate external training courses, covering the role and responsibilities of being a charity trustee.

Trustees' Third Party Indemnity

The Society purchases liability insurance cover for the Society, its Trustees and other employees which provides appropriate cover against claimants' damages, judgements, settlements or the costs incurred in the defence of actions.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of the North of England Zoological Society for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (FRS102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

Structure, Governance and Management

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditor

Each of the persons who are Trustees at the date of approval of this report confirms that:

- So far as the Trustee is aware, there is no relevant audit information of which the Society's auditor is unaware;
- the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

The confirmation is given and should be interpreted with the provisions of section 418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor

Following the resignation of PricewaterhouseCoopers LLP as auditors with effect from 4th October 2019, the Trustees appointed Grant Thornton UK LLP as auditors, filling a casual vacancy. A resolution to formally reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

The Strategic Report on pages 5 to 16 was approved by the Trustees on the 24th July 2020 and signed on their behalf by:

Bruce Ursell
Chairman of Trustee

Independent Auditors' Report to the Members of The North of England Zoological Society

Opinion

We have audited the financial statements of The North of England Zoological Society (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2019, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Society Balance Sheets, the Consolidated Cash Flow Statement and 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 Financial Reporting Standard 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's and parent charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources including, 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 Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. 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 group and parent charitable company 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.

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the trustees and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

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Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a group associated with a course of action such as Brexit.

Material uncertainty related to going concern

We draw attention to the principal accounting policies on page 29 in the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Group's and Society's ability to continue as a going concern.

In May 2020, the Group and Society secured a new banking facility which is subject to two financial covenants which are tested quarterly, being net debt to EBITDA (leverage) and EBITDA to net finance charges. In recognition of the current macroeconomic uncertainty, the Group's and Society's bank has agreed to suspend testing of these covenants until June 2021.

In performing their assessment of going concern the Trustees have considered forecast cash flows for the next 12 months following the date of approval of the financial statements. There remains uncertainty as to the development of the COVID-19 pandemic and further national or local lockdowns remain a possibility. In addition, the economic downturn as a result of COVID-19 may also have an impact on visitor numbers and memberships. As a consequence of this uncertainty the Trustees have considered downside scenarios that reflect such potential closures. In the event of a closure which extended beyond a period of 5 weeks in the summer and 10 weeks in the winter there is the potential for a covenant breach at June 2021. In such circumstances the Group and Society would need to secure agreement with its bankers for its continued support beyond June 2021.

As stated in the principal accounting policies, these events or conditions, along with the other matters as set forth in the going concern principal accounting policy on page 29, indicate that a material uncertainty exists that may cast significant doubt on the Groups' and Society's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, set out on pages 5 to 16 other than the financial statements and our auditor's report thereon. 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. 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.

Independent Auditors' Report to the Members of The North of England Zoological Society

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report, prepared for the purposes of company law, included in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report included in the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or
- returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on pages 20 and 21, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 group and the parent charitable company'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 liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

Independent Auditors' Report to the Members of The North of England Zoological Society

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.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Deborah Watson BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool
30th July 2020

Financial Statements for the Year Ended 31 December 2019

Consolidated Statement of Financial Activities

(Including a consolidated income and expenditure account) for the year ended 31 December 2019

| | Notes | Unrestricted Funds £'000 | Restricted Funds £'000 | Total 2019 £'000 | Total 2018 £'000 |
|---|-------|-----------------------------|---------------------------|---------------------|---------------------|
| Income from: | | | | | |
| Charitable activities | | | | | |
| Animals and plant collection | 2 | 30,624 | - | 30,624 | 28,104 |
| Donations and Legacies | | | | | |
| Voluntary income | 3 | 3,546 | 568 | 4,114 | 4,195 |
| Other trading activities | | | | | |
| Subsidiary's trading turnover | 4 | 12,695 | - | 12,695 | 11,974 |
| Investments | | | | | |
| Investment income | 5 | 26 | - | 26 | 8 |
| Exceptional income | 9 | 2,499 | 5,191 | 7,690 | 5,160 |
| Total income | | 49,390 | 5,759 | 55,149 | 49,441 |
| Expenditure on: | | | | | |
| Charitable activities | | | | | |
| Animals and plant collection | 6a | (25,576) | (41) | (25,617) | (24,072) |
| Conservation and Science and education | 6a | (5,103) | (619) | (5,722) | (5,628) |
| Raising funds | | | | | |
| Costs of generating voluntary income | 6a | (365) | - | (365) | (307) |
| Subsidiary's cost of goods sold and other costs | 4 | (11,780) | - | (11,780) | (10,895) |
| Exceptional costs | 9 | (891) | - | (891) | (5,544) |
| Total expenditure | | (43,715) | (660) | (44,375) | (46,446) |
| Net income | | 5,675 | 5,099 | 10,774 | 2,995 |
| Other gains and losses | | | | | |
| Transfer from restricted funds | | 4,361 | (4,361) | - | - |
| Net movement in funds | | 10,036 | 738 | 10,774 | 2,995 |
| Reconciliation of funds | 21 | | | | |
| Total funds brought forward (restated) | | 43,699 | 6,937 | 50,636 | 47,641 |
| Total funds carried forward | | 53,735 | 7,675 | 61,410 | 50,636 |

The North of England Zoological Society made an unconsolidated surplus of £10,774,000, of which £3,975,000 related to normal continuing operations and £6,799,000 resulted from exceptional income and expenditure (2018: £2,995,000 from normal continuing operations).

No Statement of Changes in Equity has been presented as all such gains and losses have been included above. A prior year adjustment has been made to restate the reserves position as at 31 December 2018, detail can be found in note 26.

The notes on pages 36 to 56 form part of these financial statements.

Financial Statements for the Year Ended 31 December 2019

Consolidated & Society Balance Sheets as at 31 December 2019

| | Notes | Consolidated | | Society | |
|--|-------|-----------------|---------------------------|-----------------|---------------------------|
| | | 2019 £'000 | 2018 Restated £'000 | 2019 £'000 | 2018 Restated £'000 |
| Fixed Assets | | | | | |
| Intangible assets | 12 | 1,238 | - | 1,238 | - |
| Tangible assets | 13 | 68,337 | 54,820 | 68,337 | 54,820 |
| Investment in subsidiary companies | 14 | - | - | - | - |
| | | 69,575 | 54,820 | 69,575 | 54,820 |
| Current assets | | | | | |
| Stocks | 15 | 760 | 732 | 94 | 91 |
| Debtors | 16 | 7,959 | 6,071 | 8,667 | 6,289 |
| Cash at bank and in hand | 17 | 4,840 | 3,531 | 4,523 | 3,531 |
| | | 13,559 | 10,334 | 13,284 | 9,911 |
| Creditors: amounts falling due within one year | 18 | (10,274) | (7,468) | (9,999) | (7,045) |
| Net current assets | | 3,285 | 2,866 | 3,285 | 2,866 |
| | | | | | |
| Total assets less current liabilities | | 72,860 | 57,686 | 72,860 | 57,686 |
| | | | | | |
| Creditors: amounts falling due after more than one year | 19 | (11,450) | (7,050) | (11,450) | (7,050) |
| | | | | | |
| Net assets | | 61,410 | 50,636 | 61,410 | 50,636 |
| | | | | | |
| Funds employed | | | | | |
| Income funds – restricted | 21 | 7,675 | 6,937 | 7,675 | 6,937 |
| Income funds - unrestricted | 21 | 53,735 | 43,699 | 53,735 | 43,699 |
| | | | | | |
| Total funds employed | | 61,410 | 50,636 | 61,410 | 50,636 |

The financial statements were approved and authorised by the Trustees on the 24th July 2020 and signed on their behalf by:

Bruce Ursell, Chair of Trustees

Company number – 00287902 – The North of England Zoological Society

The notes on pages 36 to 56 form part of these financial statements.

Financial Statements for the Year Ended 31 December 2019

Consolidated Cash Flow Statement for the year ended 31 December 2019

| | Notes | 2019 £'000 | 2018 £'000 |
|---|-------|-----------------|---------------|
| Cash flows from operating activities: | | | |
| Net movement in funds as per the Statement of Financial Activities | | 10,774 | 2,995 |
| Adjustments for: | | | |
| Interest paid | | 223 | 196 |
| Interest received | 5 | (26) | (8) |
| Amortisation charge | 12 | 5 | - |
| Depreciation charge | 13 | 6,127 | 6,637 |
| Impairment charge | 13 | - | 5,160 |
| Exceptional income due from insurers | 9 | (7,690) | (5,160) |
| Increase in stocks | 15 | (28) | (28) |
| Decrease/(increase) in debtors | 16 | 106 | (99) |
| Increase in creditors due within one year | 18 | 1,121 | 1,491 |
| Contributions to pension scheme | | - | (56) |
| Net cash generated from operating activities | | 10,612 | 11,128 |
| Cash flows from investing activities: | | | |
| Interest received | 5 | 26 | 8 |
| Insurance proceeds received | | 5,750 | - |
| Purchase of fixed assets | 12,13 | (19,914) | (10,400) |
| Net cash used in investing activities | | (14,138) | (10,392) |
| Cash flow from financing activities: | | | |
| Cash inflows from borrowing | 19 | 4,400 | 1,200 |
| Interest paid | | (223) | (196) |
| Net cash generated from financing activities | | 4,177 | 1,004 |
| Operating cash inflow in year | | 651 | 1,740 |
| | | | |
| Increase in net cash at bank in the year | | 651 | 1,740 |
| | | | |
| Cash and cash equivalents at 1 January | 17 | 3,531 | 1,791 |
| Cash and cash equivalents at 31 December | 17 | 4,182 | 3,531 |

The notes on pages 36 to 56 form part of these financial statements

Financial Statements for the Year Ended 31 December 2019

Principal Accounting Policies

The following accounting policies have been applied in dealing with items that are considered material in relation to the financial statements of The North of England Zoological Society ("the Society"). They are consistent with those adopted in the financial statements for the prior year.

Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice ("Charities SORP (FRS102)") applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102). The functional currency of the charity is sterling (£).

The group's activities, together with the factors likely to affect its future development, performance and position are set out in the Trustees' report. The financial position of the Society and its subsidiaries, its cash flows and liquidity position are shown in these financial statements.

Significant estimates and judgements made in preparing the financial statements are set out on page 35. The Trustees' report also notes the principal risks and uncertainties that impact on the group.

Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Trustees are required to consider whether the Society and the group can continue in operational existence for the foreseeable future.

Further information in relation to the Society and group's activities, together with the factors likely to affect future development, performance and position is set out in the Strategic Report on pages 5 to 16, including the Principal Risks and Uncertainties section on pages 16.

As noted in the Strategic Report the zoo was closed for nearly three months after the year end, resulting in a significant drop in income. As of the date of this report the zoo has reopened, albeit with reduced visitor capacity and income. Operating costs have been significantly reduced with discretionary spend curtailed. The Society has utilised the government's Job Retention scheme for those key staff not needed to maintain operations during closure and whilst visitor numbers and income remain restricted. A voluntary release scheme has led to 35 members of staff leaving the organisation and some compulsory redundancies are likely to follow. Capital expenditure plans have been suspended, with only those projects that were in progress at the time of closure continuing to completion.

In early May 2020 the Society agreed a new banking facility with Santander, comprising a £22m Revolving Credit Facility and a £2m overdraft. The facility was intended to be used in the main to fund the Grasslands development, which has now been delayed and the facility has instead provided additional headroom during an uncertain period.

Financial Statements for the Year Ended 31 December 2019

The facility is provided subject to two financial covenants which are tested quarterly: net debt to EBITDA (leverage) and EBITDA to net finance charges. In recognition of the current macroeconomic uncertainty, the Society's bank has agreed to suspend testing of these covenants until June 2021.

A fundraising campaign was launched in June 2020 to address the shortfall in income due to the closure and to highlight the financial impact of the ongoing closure. Generous donations together with purchases of memberships and adoptions, have raised over £3m. With the subsequent re-opening of the zoo, the Society is expected to generate sufficient income for the Society to meet the covenant tests in the facility.

The Trustees consider that the Society and group are well placed to manage the risks within its control and mitigate those outside its control, including the impact of the COVID-19 pandemic. After the review of forecasts and predictions for the period to 31st December 2021, taking account of reasonably possible changes in income and considering the existing banking facilities, including the available liquidity and covenant tests, the Trustees have a reasonable expectation that the Society and group has adequate resources to continue in operational existence for the next 12 months following the date of approval of the financial statements.

However, there remains uncertainty as to the development of the COVID-19 pandemic and further national or local lockdowns remain a possibility. The ability of the Society to withstand a second closure depends on its timing and duration – a short closure during the summer would result in greater lost income than a longer closure during the winter. In addition the potential of an economic downturn following the pandemic may impact visitor numbers and memberships. As a consequence of these uncertainties the Trustees have considered downside scenarios that reflect such potential closures.

The most severe scenario considered was that the zoo was closed again in August, September and October 2020. Set against this were mitigating actions including further reductions in expenditure, including staffing costs, with further utilisation of the Job Retention scheme. Such a closure would be expected to result in a further £6m reduction in the surplus (or increase in the deficit) forecast for the 2020 financial year.

Whilst there is sufficient headroom in the current banking facility to manage such a closure, in the event the closure extended beyond a period of 5 weeks in the summer and 10 weeks in the winter there is the potential for a covenant breach at June 2021. The bank remains supportive, as indicated by the agreed suspension of covenant tests, and further flexibility may be available in the future if required.

The impact of a second closure, particularly during peak season, indicates a material uncertainty outside the control of the Society which may cast significant doubt over the Society's ability to continue as a going concern in the event that, if the closure resulted in a covenant breach, the bank elected to trigger a repayment of outstanding debt. In such circumstances and without further mitigating actions, the Society may be unable to realise assets and discharge liabilities in the normal course of business. The Society's financial statements do not include the adjustments that would result if the Society and group were unable to continue as a going concern.

Financial Statements for the Year Ended 31 December 2019

Having undertaken this work, and considered the uncertainties described above, the Trustees are of the opinion that the Society and group has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Consolidation

The consolidated statement of financial activities (SOFA), consolidated balance sheet and consolidated cash flow statement include the financial statements of the Society and its subsidiary undertakings, Chester Zoo Enterprises Limited, Chester Zoo (Nigeria) Limited, Chester Zoo Foundation Nigeria and the North of England Zoological Society Pension Trustee Company Limited made up to 31 December 2019 and comply with recommended practice for accounting by charities. The results of the subsidiaries are consolidated on a line by line basis. No separate SOFA has been presented for the charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

Funds Employed

All funds employed must be expended in furtherance of the objectives of the Society. Restricted income funds must be used in furtherance of some specific aspect of those objectives.

Designated funds are those which have been set aside by the Trustees out of unrestricted funds for identifiable future expenditure, but the designation has an administrative purpose only and does not legally restrict the Trustees' discretion to apply the funds.

The unrestricted fund represents the funds to provide for the working capital of the group and contingent expenditure.

Incoming Resources

In accordance with the SORP, all incoming resources becoming receivable by the group during the year are recognised in the SOFA, regardless of their source or of the purpose to which they are to be allocated. Income, both unrestricted and restricted, is recognised at the time of receipt except where it relates to a service to be provided in the following financial year. Such income is deferred and released over the period the service is provided. An example of this is the treatment of annual membership income.

Where income is restricted to a specific purpose, as specified by a donor, the income is included in restricted funds. Legacies are recognised when payment is received or assets transferred, or where there has been a grant of probate and the executors have established that there are sufficient assets in the estate after meeting its liabilities to pay the legacy. Grants are recognised when there is entitlement, conditions have been met and there is certainty of receipt.

Financial Statements for the Year Ended 31 December 2019

Resources Expended

Expenditure is recognised when a liability is incurred. In accordance with the Charities SORP, support costs have been allocated to charitable activities and fundraising, apportioned by usage according to relative cost driving activities. Support costs also include governance costs as a separate component in line with the Charities SORP. Governance costs comprise of all costs involving public accountability of the group and its compliance with regulations and good practice.

VAT

Visitor admission income is treated as VAT exempt. Accordingly the Society is a partially exempt body and may not recover all VAT incurred on costs, with the exception of VAT incurred in connection with the catering, retail, and event operations for which the sales are subject to VAT. These operate through the trading subsidiary Chester Zoo Enterprises Limited and the VAT directly related to these operations can be recovered in full. The cost of irrecoverable VAT is apportioned in the SOFA under other resources expended. Any irrecoverable VAT relating to the purchase of fixed assets is capitalised as part of the asset value.

Taxation

The Society is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Investments in Subsidiary Undertakings

These are included at cost less any provision for impairment.

Intangible Fixed Assets

Computer software is included in the balance sheet at historic purchase cost less accumulated amortisation. Assets in the course of construction are stated at cost, less any recognised impairment loss and are amortised when the assets are ready for their intended use.

| Asset Class | Rate of Amortisation Applied |
|-------------------|------------------------------|
| Computer software | 10% to 25% straight line |

Tangible Fixed Assets

Tangible assets are included in the balance sheet at historic purchase cost less accumulated depreciation and any recognised impairment loss. Assets in the course of construction are stated at cost, less any recognised impairment loss.

Financial Statements for the Year Ended 31 December 2019

Depreciation

The rates and method of depreciation are consistent with those used in previous years. Depreciation is calculated using a straight line basis. Freehold land is not depreciated and assets in the course of construction are only depreciated when the assets are ready for their intended use.

| Asset Class | Rate of Depreciation Applied |
|--------------------------|------------------------------|
| Freehold Properties | 2% to 10% |
| Buildings and Enclosures | 4% to 25% |
| Machinery and Equipment | 10% to 25% |

No annual assessment is made of the value of the animal and plant collection. It is valued consistently at a nominal sum of £1,000 and not depreciated.

Impairment

The carrying amounts of assets are reassessed when impairment indicators are present. An impairment loss is recognised to the extent the carrying amount of an asset exceeds its estimated recoverable amount. The estimated recoverable amount is reviewed at subsequent balance sheet dates where further information is available. Note 9 further explains the impairment charge recognised in the year ended 31st December 2018, no impairment charge was recognised in 2019.

Leases

All leases currently held by the group are operating leases and the rental charges are taken as expenditure when incurred. The group has not entered into any finance leases.

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Pensions

The group operates two voluntary pension schemes.

The group makes contributions to a defined contribution pension scheme for all qualifying permanent employees and to the NEST scheme for all qualifying seasonal employees. Employees are automatically enrolled on the pension scheme unless the group is notified by the employee that they wish to opt out. The cost of these contributions is charged to the SOFA when payable.

The defined benefit scheme was closed to future accrual in March 2012. The group has historically made payments in order to reduce the scheme's solvency deficit over time. These payments have been recognised within actuarial gains and losses in the net movement in funds in the SOFA.

To the extent that the scheme is in surplus on a technical provisions basis, the group does not recognise this in the financial statements as the group is unable to recover any surplus either through reduced contributions in the future or through refunds from the scheme.

Financial Statements for the Year Ended 31 December 2019

Grant-making

The group supports a wide range of conservation and research activities both in the zoo and externally, often in partnership with other organisations. Liabilities relating to grants are recognised once the group is irrevocably committed to the provision of the grant.

Related Party Transactions

Details of transactions with entities that are part of The North of England Zoological Society group are disclosed in the notes to the financial statements.

Debtors

Trade and other debtors are recognised at transaction price less any impairment.

Cash at bank and in hand

Cash at bank and in hand includes cash, overdrafts and short term highly liquid investments with a short maturity of three months or less from the date of acquisitions, or opening of the deposit, or similar account.

Creditors

Creditors are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities, like accounts receivable and payable.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the SoFA.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial Statements for the Year Ended 31 December 2019

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the charitable company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- **Properties owned by the group that are rented out:** The group owns a number of properties that are rented out. These properties are accounted for at cost less accumulated depreciation rather than as investment properties as the group does not hold these properties for investment purposes. They are held in furtherance of the charitable purposes of the group.
- **Impairment of tangible fixed assets:** On 15th December 2018 the Monsoon Forest Building was significantly damaged by fire. An impairment charge of £5.2m was recognised in 2018 and reflects the estimated net book value of the components of the building impacted by the fire. Progress with the reinstatement project has not revealed any further damage that indicate that this impairment charge needs to be reviewed.
- **Depreciation rates:** depreciation rates used in respect of both tangible and intangible assets reflect the expected useful life of those assets based on historic experience. For major projects, component parts are allocated varying depreciation rates depending on their nature.
- **Defined benefit pension scheme:** the present value of the pension scheme asset depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. The group has not recognised this pension scheme asset on the balance sheet as, despite the fact that as a result of the surplus the group is not currently making any contributions into the scheme, the scheme is closed to future accrual, and the group is not entitled to a refund from the scheme.

Financial Statements for the Year Ended 31 December 2019

Notes to the Consolidated Financial Statements

1. Status

The Society is a company limited by guarantee and has no share capital. Members have guaranteed the liabilities of the Society to the extent of £1 each in the event of the charity being wound up.

The registered address is Cedar House, Caughall Road, Chester, CH2 1LH. The principal activity of the Society is included in the Trustees report on pages 5 to 16.

2. Income from Charitable Activities

| Unrestricted Funds | | | | | |
|--|--------------------------|-----------------------------|---------------------------|---------------------------------|------------------------|
| | Visitor Related £'000 | Other unrestricted £'000 | Other designated £'000 | Total 2019 £'000 | Total 2018 £'000 |
| Animals and plant collection | | | | | |
| Visitor admission to zoo and gardens | 19,786 | - | - | 19,786 | 19,066 |
| Monorail | 399 | - | - | 399 | 481 |
| Membership of zoo and Gift Aid thereon | 8,826 | - | - | 8,826 | 7,128 |
| Events | 1,248 | - | - | 1,248 | 995 |
| Other | 365 | - | - | 365 | 434 |
| Total incoming resources from charitable activities | 30,624 | - | - | 30,624 | 28,104 |

3. Income from Donations and Legacies

| | Unrestricted 2019 £'000 | Restricted 2019 £'000 | Total 2019 £'000 | Total 2018 £'000 |
|--|-------------------------------|-----------------------------|---------------------------------|---------------------|
| Donations and Gift Aid on admission to zoo | 2,932 | - | 2,932 | 2,902 |
| Animal adoptions | 260 | - | 260 | 286 |
| Grants and other donations | 354 | 568 | 922 | 1,007 |
| Total voluntary income | 3,546 | 568 | 4,114 | 4,195 |

The restricted income funds derive from certain donations, grants and legacies received and are put towards a variety of capital projects, equipment or conservation activities.

Financial Statements for the Year Ended 31 December 2019

4. Other Trading Activities

The Society has a wholly owned trading subsidiary, Chester Zoo Enterprises Limited, incorporated in the UK (representing an investment of £100 in ordinary £1 shares) which operates the catering, retail and event activities of the Zoo from outlets rented from the Society. It distributes its taxable profit via Gift Aid to the Society. A summary of its trading results is shown below.

Audited financial statements for Chester Zoo Enterprises Limited for the year ended 31 December 2019 will be filed with the Registrar of Companies.

| Chester Zoo Enterprises Limited trading results | Total 2019 £'000 | Total 2018 £'000 |
|--|---------------------------------|---------------------------------|
| | | |
| Turnover | 12,695 | 11,974 |
| Resources expended | | |
| Labour and cost of goods sold | (8,997) | (8,609) |
| Gross trading surplus for year | 3,698 | 3,365 |
| Indirect costs | | |
| Operating and support costs paid to the Society | (2,783) | (2,286) |
| Property rents paid to Society | (732) | (694) |
| Operating profit | 183 | 385 |
| Taxation | - | - |
| Profit for the financial year | 183 | 385 |
| Gift Aid donation to parent company | (183) | (385) |
| Surplus/(deficit) retained in subsidiary | - | - |

5. Investment income

| | Total 2019 £'000 | Total 2018 £'000 |
|--------------------------------|---------------------------------|---------------------------------|
| Interest on cash deposits | 26 | 8 |
| Total investment income | 26 | 8 |

Financial Statements for the Year Ended 31 December 2019

6a. Analysis of Total Expenditure

| | Employee Costs £'000 | Other Direct Costs £'000 | Support Costs (Note 6b) £'000 | Total 2019 £'000 | Total 2018 £'000 |
|---|----------------------------|--------------------------------|--|---------------------------------|------------------------|
| Charitable activities | | | | | |
| Animals and plant collection | 7,586 | 11,711 | 6,320 | 25,617 | 24,072 |
| Conservation science and education | 1,983 | 2,011 | 1,728 | 5,722 | 5,628 |
| Total for Society | 9,569 | 13,722 | 8,048 | 31,339 | 29,700 |
| Raising funds | | | | | |
| Costs of generating voluntary income | 107 | 124 | 134 | 365 | 307 |
| Exceptional costs (note 9) | - | 891 | - | 891 | 5,544 |
| Subsidiary's cost of goods sold and other costs | 4,134 | 4,863 | 2,783 | 11,780 | 10,895 |
| | | | | | |
| Total for Society | 9,676 | 14,737 | 8,182 | 32,595 | 35,551 |
| Total expenditure for Group | 13,810 | 19,600 | 10,965 | 44,375 | 46,446 |

6b. Analysis of Support Costs

| | Total 2019 £'000 | Total 2018 £'000 |
|-------------------------------|---------------------------------|------------------------|
| Direct Employee Costs | 4,606 | 4,155 |
| Other Costs | 6,359 | 5,000 |
| Total of support costs | 10,965 | 9,155 |

Financial Statements for the Year Ended 31 December 2019

6b. Analysis of Support Costs (continued)

Support costs have been allocated to the activities set out in note 6a on the basis of their usage of cost driving activities attributable to each support service, as follows:

| Support cost breakdown by activity | Animals and plant collection £'000 | Conservation science and education £'000 | Generating voluntary income £'000 | Subsidiary £'000 | Total 2019 £'000 | Total 2018 £'000 |
|------------------------------------|---------------------------------------|---|--------------------------------------|---------------------|-----------------------------|---------------------|
| Governance and Directorate | 404 | 145 | 9 | 352 | 910 | 906 |
| Human Resources | 594 | 149 | 8 | 421 | 1,172 | 1,091 |
| Information Technology | 561 | 140 | 8 | 398 | 1,107 | 852 |
| Finance Department | 1,506 | 462 | 58 | 499 | 2,525 | 1,934 |
| Security and Site operations | 323 | 117 | 7 | 218 | 665 | 616 |
| Maintenance Department | 1,985 | 715 | 44 | 895 | 3,639 | 2,981 |
| Estates and Project Planning | 947 | - | - | - | 947 | 775 |
| Total | 6,320 | 1,728 | 134 | 2,783 | 10,965 | 9,155 |

7. Grants Payable in Furtherance of the Charity's Objectives

The Society makes institutional grants payable in furtherance of the charity's objects, to support field and zoo conservation and research. The grants have been included in the other direct costs analysis of total resources expended within the Statement of Financial Activities.

| | Grants to institutions £'000 | Grants to individuals £'000 | Total 2019 £'000 | Total 2018 £'000 |
|--|---------------------------------|--------------------------------|-----------------------------|---------------------|
| Conservation and Science and Education | 969 | 74 | 1,043 | 870 |
| Total grants payable | 969 | 74 | 1,043 | 870 |

Financial Statements for the Year Ended 31 December 2019

8. Net Income before other Recognised Gains and Losses

| This is after charging: | Total 2019 £'000 | Total 2018 £'000 |
|---|---------------------|---------------------|
| Services provided by the Society's auditor | | |
| Fees payable for the audit of the charity and consolidated accounts | 32 | 18 |
| Fees payable for the audit of the subsidiaries | 11 | 6 |
| Fees payable for taxation advice for the charity | - | - |
| Fees payable for taxation compliance for the subsidiary | 3 | 5 |
| Operating Leases | 72 | 68 |
| Amortisation of intangible fixed assets | 5 | - |
| Depreciation of tangible fixed assets | 6,127 | 6,637 |
| Impairment charge (note 9) | - | 5,160 |

9. Exceptional income and costs related to the Monsoon Forest fire

On 15th December 2018 a fire broke out in the Monsoon Forest building within the zoo's Islands zone. The fire caused significant damage to the buildings and its contents. The zoo is fully insured in respect of the damage and work is ongoing to repair the building.

Included within the financial statements are the following amounts relating to the fire and the re-build:

Year ended 31st December 2018

At the time of preparing the financial statements for the year ended 31st December 2018 work was ongoing to assess the damage and repairs required.

Within the financial statements an impairment charge of £5,160,000 was recognised, being estimated net book value of the fixed assets destroyed in the fire. At that time insurers had accepted liability to cover the costs of repairing the building and work was ongoing to establish the full cost of repair. At 31st December 2018 an amount equal to the impairment charge was recognised to reflect the initial estimated income that would be received from insurers to repair the building.

Provision was also been made for £384,000 of uninsured costs, primarily the excesses on insurance policies together with professional fees.

Financial Statements for the Year Ended 31 December 2019

9. Exceptional income and costs related to the Monsoon Forest fire (continued)

Year ended 31st December 2019

Within the SOFA for 2019, an additional £4,894,000 of exceptional income has been recognised based on the final insurance settlement agreed in 2020. This amount comprises:

| | |
|--|-------------------|
| Further income to be received from insurers towards the cost of the re-instatement of the Monsoon Forest Building, in addition to the £5,160,000 recognised in 2018. | £3,612,000 |
| A contribution from insurers towards the cost of constructing buildings to house animals displaced by the fire | £1,246,000 |
| Income received from insurers to cover lost past and future income and additional costs of working | £2,832,000 |
| Total | £7,690,000 |

Also included within the financial statements for 2019 are exceptional costs of £891,000. £731,000 of these costs have been reimbursed by insurers and the income is included above. The balance of £160,000 relates to costs that cannot be recovered from insurers.

Over the two financial years exceptional income totalling £12,850,000 has been recognised. As at 31st December 2019 £5,750,000 had been received and the balance of £7,101,000 is included in debtors and was received subsequent to the year end.

As work to reinstate the building moves closer to completion the estimates in respect of amounts required to complete the project become more certain, but to the extent that there are further adjustments to these estimates these will be recognised in the year ended 31st December 2020. Nothing has come to light during the rebuild that would indicate that the impairment recognised in 2018 was incorrect.

Donations from the public

Following the fire, we received generous donations from the public totalling £257,877 (£162,698 was received in the year ended 31st December 2018 and a further £95,179 was received in the year ended 31st December 2019). These donations have been treated as restricted income to be spent on conservation projects supporting the zoo's mission, both within the zoo and in the field, with a particular focus on those species who live in the Monsoon Forest building.

10. Trustees' Remuneration

The Trustees, being charity Trustees, received no remuneration (2018: nil) but received reimbursement totalling £4,111 (2018: £2,425) during the year for travel and accommodation expenses necessarily incurred. Indemnity insurance costing £13,395 (2018: £12,177) has been taken out by the Society to protect the Society, its Trustees and other employees.

Financial Statements for the Year Ended 31 December 2019

11. Employee costs

The average monthly headcount employed by the Society during the year was 830 (2018: 739) including seasonal employees. The average monthly number of full-time equivalent employees (FTE) analysed by category were as follows:

| | Number of FTE employees | |
|------------------------------------|-------------------------|-------------|
| | 2019 Number | 2018 Number |
| Animals and plant collection | 263 | 227 |
| Conservation science and education | 57 | 58 |
| Fundraising | 3 | 3 |
| Trading subsidiary | 174 | 173 |
| Support and Governance | 121 | 118 |
| Total FTE employees | 618 | 579 |

The aggregate payroll costs of these persons were as follows:

| | Total 2019 £'000 | Total 2018 £'000 |
|-------------------------------------|---------------------|---------------------|
| Wages and salaries cost | 15,339 | 13,957 |
| Social security cost | 1,208 | 1,091 |
| Pension cost: | | |
| Defined benefit pension scheme | - | - |
| Defined contribution pension scheme | 1,584 | 1,262 |
| Total employee costs | 18,131 | 16,310 |

The number of employees, including those employed for only part of the year, whose emoluments for the year (excluding pension contributions) fell within each band of £10,000 from £60,000 upwards is shown below. All of these employees had benefits accruing to them under the defined contribution pension scheme. Only two had benefits accruing to them on the defined benefit scheme. Contributions to the defined contribution scheme for all of these employees totalled £106,428 (2018: £92,644).

| | 2019 Number | 2018 Number |
|---------------------------|-------------|-------------|
| From £120,001 to £130,000 | 2 | 2 |
| From £110,001 to £120,000 | - | - |
| From £100,000 to £110,000 | - | - |
| From £90,001 to £100,000 | - | - |
| From £80,001 to £90,000 | 1 | 1 |
| From £70,001 to £80,000 | 2 | 1 |
| From £60,001 to £70,000 | 4 | 3 |

Financial Statements for the Year Ended 31 December 2019

11. Employee costs *(continued)*

The key management personnel employed by the Society comprise five members of the executive team during the year. Their total employee benefits for 2019 including pension contributions, were £535,115 (2018: £519,529).

12. Intangible Assets

| | Assets under course of construction £'000 | Computer software £'000 | Total £'000 |
|----------------------------|--|----------------------------|----------------|
| Cost | | | |
| At 1 January 2019 | - | - | - |
| Additions | 1,001 | 52 | 1,056 |
| Disposals and Transfers | 190 | - | 190 |
| At 31 December 2019 | 1,191 | 52 | 1,243 |
| Amortisation | | | |
| At 1 January 2019 | - | - | - |
| Charge for the year | - | 5 | 5 |
| At 31 December 2019 | - | 5 | 5 |
| Net book value | | | |
| At 31 December 2019 | 1,191 | 47 | 1,238 |
| At 31 December 2018 | - | - | - |

Financial Statements for the Year Ended 31 December 2019

13. Tangible Assets

| | Assets under construction £'000 | Freehold Property £'000 | Buildings and enclosures £'000 | Machinery and equipment £'000 | Animals and plant collection £'000 | Total £'000 |
|----------------------------|------------------------------------|----------------------------|-----------------------------------|----------------------------------|---------------------------------------|------------------------|
| Cost | | | | | | |
| At 1 January 2019 | 2,351 | 5,040 | 85,563 | 13,854 | 1 | 106,809 |
| Additions | 16,799 | - | 2,829 | 259 | - | 19,887 |
| Disposals and Transfers | (995) | - | 805 | (53) | - | (243) |
| At 31 December 2019 | 18,155 | 5,040 | 89,197 | 14,060 | 1 | 126,453 |
| Depreciation | | | | | | |
| At 1 January 2019 | - | 2,827 | 42,913 | 6,249 | - | 51,989 |
| Charge for the year | - | 17 | 4,601 | 1,509 | - | 6,127 |
| Impairment charge (note 9) | - | - | - | - | - | - |
| At 31 December 2019 | - | 2,844 | 47,514 | 7,758 | - | 58,116 |
| Net book value | | | | | | |
| At 31 December 2019 | 18,155 | 2,196 | 41,683 | 6,302 | 1 | 68,337 |
| At 31 December 2018 | 2,351 | 2,213 | 42,650 | 7,605 | 1 | 54,820 |

The Trustees consider that the Society holds no fixed assets for investment purposes. Whilst some of the fixed assets do yield a rental income, they were not acquired for that purpose, but to facilitate the operation of the zoo which is the primary charitable purpose of the Society.

The Trustees consider that it is not meaningful to consider the market value of most of the Society's land and buildings. Where an assessment can be made, the Trustees consider that the market value exceeds the book value.

All the tangible fixed assets included in the consolidated statement above relate entirely to the Society.

The Society considers that none of its assets meet the definition of heritage assets under FRS102. Although certain assets may have a heritage quality, these are all used for operational purposes in the running of the zoo and are therefore classified as operating assets.

Financial Statements for the Year Ended 31 December 2019

14. Investments in subsidiary companies

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Investment in Chester Zoo Enterprises Limited | 100 | 100 |
| Investment in Chester Zoo (Nigeria) Limited | 1 | 1 |
| North of England Zoological Society Pension Trustee Company Limited | 1 | 1 |

The principal undertakings in which the Society's interest at the year-end is more than 20% are as follows:

| <i>Subsidiary undertakings</i> | Company Number | Country of incorporation | Principal activity | Class and percentage of shares held | |
|---------------------------------|----------------|--------------------------|---|-------------------------------------|---------------|
| | | | | Group | Company |
| Chester Zoo Enterprises Limited | 02669535 | UK | Catering and Retail | 100% ordinary | 100% ordinary |
| Chester Zoo (Nigeria) Limited | 08374657 | UK | Protecting the biodiversity of Nigeria | 100% ordinary | 100% ordinary |
| Chester Zoo Foundation Nigeria | 08904330 | UK | Protecting the biodiversity of Nigeria. Wholly owned by Chester Zoo (Nigeria) Limited | 100% ordinary | - |

All the above undertakings are registered at Cedar House, Caughall Road, Upton-by-Chester, Chester, CH2 1LH. Activities in Nigeria have been wound down and Chester Zoo (Nigeria) Limited and Chester Zoo Foundation Nigeria will become dormant.

15. Stocks

| | Group | | Society | |
|------------------|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Goods for resale | 666 | 641 | - | - |
| Consumables | 94 | 91 | 94 | 91 |
| Total | 760 | 732 | 94 | 91 |

Financial Statements for the Year Ended 31 December 2019

16. Debtors: Amounts Falling Due Within One Year

| | Group | | Society | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Trade debtors | 199 | 238 | 189 | 177 |
| Amount owed by subsidiary undertaking | - | - | 718 | 279 |
| VAT and Other debtors | 59 | 50 | 59 | 50 |
| Insurance debtor (note 9) | 7,101 | 5,160 | 7,101 | 5,160 |
| Prepayments and accrued income | 600 | 623 | 600 | 623 |
| Total | 7,959 | 6,071 | 8,667 | 6,289 |

Amounts owed by the subsidiary is unsecured, interest free and repayable on demand.

17. Net debt

| | At 1 January 2019 | Cash flows | At 31 st December 2019 |
|----------------------------------|-------------------|----------------|-----------------------------------|
| Cash deposits | 2,533 | 595 | 3,128 |
| Cash held in escrow | 998 | 714 | 1,712 |
| Cash at bank and in hand | 3,531 | 1,309 | 4,840 |
| Bank overdraft | - | (658) | (658) |
| Cash and cash equivalents | 3,531 | 651 | 4,182 |
| Revolving credit facility | (7,050) | (4,400) | (11,450) |
| Net debt | (3,519) | (3,749) | (7,268) |

Cash at bank and in hand includes £1.7m (2018: £1m) of cash held in escrow, set aside for the Trustees of the Society's defined benefit pension scheme which is to be used, if required, to fund a buyout of the scheme, when the scheme liabilities would be fully secured with an insurer. The money would also be paid to the pension scheme if the Society were to become insolvent.

Financial Statements for the Year Ended 31 December 2019

18. Creditors: Amounts Falling Due Within One Year

| | Group | | Society | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Bank overdraft | 658 | - | 658 | - |
| Trade creditors | 2,219 | 2,173 | 1,945 | 1,750 |
| Other taxes and social security costs | 403 | 380 | 403 | 380 |
| Accruals | 3,809 | 2,223 | 3,809 | 2,223 |
| VAT payable | - | 17 | - | 17 |
| Other creditors | 356 | 417 | 355 | 417 |
| Deferred income | 2,829 | 2,258 | 2,829 | 2,258 |
| Total | 10,274 | 7,468 | 9,999 | 7,045 |

The Society has a £2m bank overdraft facility which was taken out with Santander in September 2014 and is renewed annually. The purpose of the overdraft is for working capital purposes. Interest on the overdraft is charged at 2.75% above LIBOR

19. Creditors: Amounts Falling Due After More Than One Year

| | Group | | Society | |
|---------------------------|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Revolving credit facility | 11,450 | 7,050 | 11,450 | 7,050 |
| Total | 11,450 | 7,050 | 11,450 | 7,050 |

An unsecured £18m revolving credit facility was taken out with Santander in April 2018. The facility bears interest at a margin of between 1.5% and 1.75% above LIBOR on utilised amounts and a fee of 35% of the margin is paid on unutilised amounts. As part of compliance with the terms of the facility, the Society is obliged to meet two covenants. These are:

- (i) Interest cover – EBITDA must be at least four times the interest payable; and
- (ii) Leverage – Net debt must not exceed three times EBITDA.

In May 2020 the facility was extended to become a £22m revolving credit facility, which expires in May 2025 when it must be repaid in full. The terms of the facility remain the same and the two financial covenants will not be tested until June 2021.

Financial Statements for the Year Ended 31 December 2019

20. Financial instruments

The carrying amount of the group's and society's financial instruments at the year end were:

| | Group | | Society | |
|--|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| | | | | |
| Financial assets: debt instruments measured at amortised cost | 12,445 | 9,245 | 12,836 | 9,463 |
| Financial liabilities: financial liabilities measured at amortised cost | 14,492 | 11,863 | 18,217 | 11,440 |

Financial assets that are debt instruments measured at amortised cost comprise cash and other assets that have the contractual rights to receive cash.

Financial liabilities measured at amortised cost comprise liabilities which have a contractual obligation to deliver cash.

Financial Statements for the Year Ended 31 December 2019

21. Movement in Consolidated Funds

| | Balance at 31 Dec 2018 £'000 Restated | New funds £'000 | Funds utilised £'000 | Transfers £'000 | Balance at 31 Dec 2019 £'000 |
|---|---|--------------------|----------------------------|--------------------|---------------------------------------|
| Restricted funds | | | | | |
| Animal and plant collections | 20 | 79 | (41) | - | 58 |
| Conservation science and education projects | 596 | 394 | (619) | - | 371 |
| Monsoon Forest fire donations | 163 | 95 | - | - | 258 |
| Escrow account - defined benefit pension scheme (note 17) | 998 | - | - | 714 | 1,712 |
| Insurance income (note 9) | 5,160 | 5,191 | - | (5,075) | 5,276 |
| Total restricted funds | 6,937 | 5,759 | (660) | (4,361) | 7,675 |
| Unrestricted funds | | | | | |
| Designated funds | | | | | |
| Defined benefit pension scheme | 3,602 | - | - | (2,408) | 1,194 |
| Funds tied to fixed assets | 38,597 | - | - | 12,044 | 50,641 |
| Total designated funds | 42,199 | - | - | 9,636 | 51,835 |
| Free reserves | | | | | |
| Cash reserve | 1,500 | 49,390 | (43,715) | (5,275) | 1,900 |
| Total free reserves | 1,500 | 49,390 | (43,715) | (5,275) | 1,900 |
| Total group funds employed | 50,636 | 55,149 | (44,375) | - | 61,410 |

Financial Statements for the Year Ended 31 December 2019

21. Movement in Consolidated Funds (continued)

| | Balance at 31 Dec 2017 £'000 Restated | New funds £'000 | Funds utilised £'000 | Transfers £'000 | Balance at 31 Dec 2018 £'000 Restated |
|---|---|--------------------|----------------------------|--------------------|---|
| Restricted funds | | | | | |
| Animal and plant collections | 50 | 121 | (151) | - | 20 |
| Conservation science and education projects | 651 | 425 | (480) | - | 596 |
| Monsoon Forest fire donations | - | 163 | - | - | 163 |
| Escrow account - defined benefit pension scheme (note 17) | - | 998 | - | - | 998 |
| Insurance income (note 9) | - | 5,160 | - | - | 5,160 |
| Total restricted funds | 701 | 6,867 | (631) | - | 6,937 |
| Unrestricted funds | | | | | |
| Designated funds | | | | | |
| Defined benefit pension scheme | 8,500 | - | - | (4,898) | 3,602 |
| Funds tied to fixed assets | 36,940 | - | - | 1,657 | 38,597 |
| Total designated funds | 45,440 | - | - | (3,241) | 42,199 |
| Free reserves | | | | | |
| Cash reserve | 1,500 | 42,574 | (45,815) | 3,241 | 1,500 |
| Total free reserves | 1,500 | 42,574 | (45,815) | 3,241 | 1,500 |
| Total group funds employed | 47,641 | 49,441 | (46,446) | 3,241 | 50,636 |

Financial Statements for the Year Ended 31 December 2019

21. Movement in Consolidated Funds (continued)

| | Unrestricted | | Restricted £'000 | 2019 Total Funds £'000 |
|---|---------------|---------------------|---------------------|------------------------------|
| | Free £'000 | Designated £'000 | | |
| Fixed assets | - | 69,575 | - | 69,575 |
| Current assets | 1,900 | 3,984 | 7,675 | 13,559 |
| Creditors: amounts falling due within one year | - | (10,274) | - | (10,274) |
| Creditors: amounts falling due after more than one year | - | (11,450) | - | (11,450) |
| Net assets | 1,900 | 51,835 | 7,675 | 61,410 |

| | Unrestricted | | Restricted £'000 | 2018 Total Funds £'000 |
|---|---------------|---------------------|---------------------|------------------------------|
| | Free £'000 | Designated £'000 | | |
| Fixed assets | - | 54,820 | - | 54,820 |
| Current assets | 1,500 | 1,897 | 6,937 | 10,334 |
| Creditors: amounts falling due within one year | - | (7,468) | - | (7,468) |
| Creditors: amounts falling due after more than one year | - | (7,050) | - | (7,050) |
| Net assets | 1,500 | 42,199 | 6,937 | 50,636 |

Restricted income funds include income from certain donations, grants and legacies received, money set aside in escrow for the defined benefit pension scheme (note 25) and money due from insurers in respect of the Monsoon Forest rebuild project (note 9).

Designated funds relate the Society's strategy to fund its defined benefit pension scheme to buy-out with an insurance company in the medium term and to its fixed assets.

The Society sets aside a minimum £1.9m cash reserve, held separately from the Society's other cash balances. Such a sum is sufficient to operate for a period of one month without significant curtailment of its activities.

Financial Statements for the Year Ended 31 December 2019

22. Capital Commitments

| | Group | | Society | |
|--|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Capital expenditure, contracted for but not provided in the financial statements | 3,556 | 2,208 | 3,556 | 2,208 |

23. Leasing Commitments

The group's future minimum non-cancellable operating lease commitments are as follows:

| | Group | | Society | |
|----------------------------|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Within one year | 4 | 48 | 4 | 39 |
| Between one and five years | - | 2 | - | 2 |
| | 4 | 50 | 4 | 41 |

24. Related Party Transactions

The Society received a charitable donation by Gift Aid from Chester Zoo Enterprises Limited of £183,932 (2018: £385,362). The Society also leases retail and catering outlets to Chester Zoo Enterprises Limited for an annual lease of £732,000 (2018: £693,875) and also charged staff and support costs totalling £2,782,743 (2018: £2,285,741). As at the 31 December 2019 the Society was owed £717,584 (2018: £278,999) from Chester Zoo Enterprises Limited. During 2018 the Society donated £62K to Chester Zoo Nigeria Limited which had been providing administration and support to a conservation project in Nigeria. In 2019 the company ceased providing this support and no donations were made.

Financial Statements for the Year Ended 31 December 2019

25. Pensions

The Society operates two pension schemes; a defined benefit scheme and a defined contribution scheme. The defined benefit scheme holds assets in a separately administered fund and closed to future accrual in March 2012. In line with FRS102, a surplus can only be recognised in the balance sheet to the extent that the Society can gain economic benefit from it. As the scheme is closed to future accrual, a surplus can only be recognised to the extent of an agreed refund, so there is not recognition of the surplus at the year end.

A full actuarial valuation was carried out as at 31 December 2017 and updated to 31 December 2019 for the purpose of these disclosures by Spence & Partners Limited, qualified independent actuaries.

| | 2019 | 2018 |
|---|----------------|---------|
| | £'000 | £'000 |
| Present value of funded defined benefit obligations | 16,365 | 18,025 |
| Fair value of plan assets | 19,646 | 22,655 |
| Surplus | 3,281 | 4,630 |
| Effect of asset ceiling | (3,281) | (4,630) |
| Net defined benefit asset / (liability) recognised | - | - |

The major assumptions made by the actuary for the defined benefit scheme were as follows:

| Weighted average assumptions used to determine benefit obligations at: | 2019 | 2018 |
|---|--------------|-------------|
| Discount rate | 2.1% | 2.97% |
| Rate of price Inflation (RPI) | 3.21% | 3.44% |
| Rate of pension increases (5% RPI) | 3.07% | 3.25% |
| Rate of pension increases (2.5% RPI) | 2.09% | 2.16% |
| Assumed life expectations on retirement at age 65: | | |
| Male member retiring today (member age 65) | 23.1 | 23.0 |
| Male member retiring in 20 years (member age 45 today) | 25.3 | 25.2 |
| Female member retiring today (member age 65) | 25.7 | 25.5 |
| Female member retiring in 20 years (member age 45 today) | 28.0 | 27.9 |

Financial Statements for the Year Ended 31 December 2019

25. Pensions (continued)

The fair value of the plan assets were as follows:

| | Fair value at 31 Dec 2019 £'000 | 2019 % | Fair value at 31 Dec 2018 (£'000) | 2018 % |
|---------------------------|---------------------------------------|--------------|---|--------------|
| Cash and cash equivalents | 1,177 | 6.0 | 113 | 0.5 |
| Equities | 3,656 | 18.6 | 6,417 | 28.3 |
| Debt Instruments | 14,813 | 75.4 | 13,672 | 60.4 |
| Property | - | - | 2,453 | 10.8 |
| Total | 19,646 | 100.0 | 22,655 | 100.0 |

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Change in defined benefit obligation | | |
| Benefit obligation at beginning of year | 18,025 | 19,088 |
| Interest cost | 457 | 485 |
| Remeasurement: Actuarial (gain)/loss | 1,696 | (700) |
| Benefits and expenses paid | (5,272) | (848) |
| Losses on settlements/curtailments | 1,459 | - |
| Benefit obligation at end of year | 16,365 | 18,025 |

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Change in scheme assets | | |
| Fair value of scheme assets at beginning of year | 22,655 | 24,442 |
| Interest income | 595 | 625 |
| Employer contributions (incl. employer direct benefit payments) | - | 56 |
| Benefits and expenses paid | (5,272) | (848) |
| Remeasurements – return on scheme assets less interest income | 1,668 | (1,620) |
| Fair value of scheme assets at end of year | 19,646 | 22,655 |

Financial Statements for the Year Ended 31 December 2019

25. Pensions (continued)

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Expense recognised in the statement of financial activities | | |
| Current service cost | - | - |
| Net interest on net defined benefit obligation | (138) | (140) |
| Gains and losses on settlements and curtailments | 1,459 | - |
| Gains and losses due to surplus limitation | (1,321) | 140 |
| Total net interest cost | | |
| Remeasurements: | | |
| Effect of changes in assumptions | 2,114 | (533) |
| Effect of experience adjustments | (418) | (167) |
| Return on plan assets (excluding interest income) | (1,668) | 1,620 |
| Remeasurement on effect of asset ceiling | (28) | (864) |
| Pension deficit reduction accrual | - | (56) |
| Total remeasurements included in other gains and losses in the SOFA | - | - |
| | | |
| Total pension cost recognised in the SOFA | - | - |
| | | |

The Society has committed to making annual contributions with a view to funding the scheme on a solvency basis in the medium term. However, given the level of funding in the scheme it was agreed that the amounts due to be paid by the Society in 2018 and 2019 would instead be held in escrow by the Society and hence the amount has not been included in the assets above. The escrow balance of £1.7m forms part of the Society's cash and cash equivalents balance (note 17) and is treated as restricted funds (note 21).

The Trustees of the Scheme have a first legal charge over certain assets of the Society with a market value of circa £10m.

Contributions, Defined Contribution Scheme

Contributions to the defined contribution scheme totalled £1,584,000 (2018: £1,262,000). The expenditure is taken from unrestricted funds.

26. Prior year adjustment

An adjustment has been made to restate the reserves position as at 31st December 2018 which has changed the analysis of restricted and unrestricted funds at that date, increasing the brought forward restricted funds by £4,859,000 and decreasing unrestricted funds by the same amount. Within unrestricted funds there was an error in the classification of designated funds, resulting in £1.5m being reclassified as free reserves instead of designated. There was no change to the reported surplus or new assets position as a result of the restatement.

Financial Statements for the Year Ended 31 December 2019

27. Post balance sheet events

On 22nd March 2020 the zoo was closed as a result of the COVID-19 pandemic, and re-opened on 15th June 2020. The closure for almost 3 months had a significant impact on the Society's income.

A fundraising campaign was launched in June 2020 to address the shortfall in income due to the closure and to highlight the financial impact of the ongoing closure. Generous donations together with purchases of memberships and adoptions, have raised over £3m.

However, the closure, and the resulting reduction in income, will impact the Society's future plans and in particular the timing of future strategic capital projects including the Grasslands project. At 31st December 2019 the Society had spent £1.1m on the Grasslands project which is included in Tangible Assets under construction. The full recoverability of these costs will depend on the outcome of the Society's post COVID-19 recovery plan which will be developed in 2020.