



Twycross Zoo - East Midland Zoological
Society Limited
(limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended
31 December 2023

Company Number 1060956
Registered Charity Number 501841

Twycross Zoo - East Midland Zoological Society Limited

Co No: 1060956

Registered Charity No: 501841

Year ended 31 December 2023

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Twycross Zoo - East Midland Zoological Society Limited

Co No: 1060956

Registered Charity No: 501841

Year ended 31 December 2023

ADMINISTRATION, OFFICERS AND ADVISORS

REGISTERED OFFICE

Norton Grange
Norton-Juxta-Twycross
Atherstone
Warwickshire, CV9 3PX

REGISTERED NUMBER

1060956

CHARITY NUMBER

501841

COMMITTEE (TRUSTEES)

The Trustees of the charitable company, who are directors for the purpose of company law are:

Rt. Hon. G W Hoon (Chairman)

H S Dua

G C W England

E A Hardwick-Smith

H J Mitchell

T B Payne

T Maxted

D Beckett

PC Popham

M Bennett

COMPANY SECRETARY

M Dytham

AUDITOR

Forvis Mazars LLP

Park View House

58 The Ropewalk

Nottingham

NG1 5DW

BANKERS

Metro Bank plc

Southampton Row

London

WC1B 5HA

REPORT OF THE TRUSTEES

The Trustees present their annual report, together with the consolidated financial statements of the charity and its subsidiary for the year ended 31 December 2023, which are also prepared to meet the requirements for a directors' report and financial statements for Companies Act 2006 purposes.

CONSTITUTION

Twycross Zoo – East Midland Zoological Society Limited ("Twycross Zoo" and "the Zoo") is a private company limited by guarantee (incorporated in England and Wales with company registration number 1060956) governed by adopted Articles of Association as amended 24 June 2019. The Trust is also constituted as a registered charity with the Charity Commission – charity registration number 501841.

The Board of Trustees ("the Board") confirm that the financial statements comply with current generally accepted accounting principles.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The board of directors are the trustees of the charity supported by the executive management team who together comprise the key management personnel of the charity. The executive management team are in charge of directing controlling, running and operating the Zoo on a day-to-day basis.

COMMITTEE (TRUSTEES)

The Trustees of the charitable company, who are directors for the purpose of company law, who served during the year and up to the date of this report are:

Rt. Hon. G W Hoon (Chairman)

H S Dua

G C W England

E A Hardwick-Smith

G A Middleton

Resigned 1 January 2023

H J Mitchell

T B Payne

T Maxted

D K Beckett

Appointed 1 January 2023

P C Popham

Appointed 11 December 2023

M Bennett

Appointed 11 December 2023

KEY MANAGEMENT PERSONNEL

D J Meek

Resigned 26 February 2023

C Dunkerley

Chief Executive Officer – Appointed 5 June 2023

C Watson

Finance Director

R Biddle

Director of Conservation

S O'Connor

Commercial Head of Retail & Operations

J Gurr

Resigned 1 January 2024

Operations and Commercial Director

J Turner

Appointed 12 February 2024

Marketing Director

Appointed 12 February 2024

REPORT OF THE TRUSTEES (continued)

Method of appointment, induction and training of Trustees

The Board appoint new Trustees as and when they see fit in order to maintain an appropriate range of skills and experiences amongst the members. New Trustees undergo an extensive Induction Programme and briefing sessions on the organisation, its aims and objectives. They are provided with a copy of the constitution, roles and responsibilities of being a Trustee at Twycross Zoo, the most current Annual Report and Financial Statements, management accounts, the current business plan, management structures, policies relating to health & safety, equal opportunities, animal collection plan, economic impact assessment and development assessment.

Throughout the year, Trustees meet with the CEO and the Executive/Management team for regular updates regarding the performance and strategic delivery of the Zoo. In addition, Trustees attend events held during the year which gives them the opportunity to meet with management within the organisation as well as visitors to the zoo.

Indemnity Insurance

The Trust maintains indemnity insurance on behalf of its Trustees.

Organisational Structure

The Board of Trustees meet on a quarterly basis and call special General Meetings as and when these are required. In addition, the Chairman visits the Zoo regularly to review activities within the Zoo and also meets with the CEO on a regular basis.

Oversight is provided by a structure of Committees delegated by the main Board. These Committees include Finance and Audit & Risk and an Ethical Review committee which both meet quarterly and a HR Organisation and Remuneration Committee which meets bi-annually.

The Finance Committee reviews current financial performance and ensures that future plans are properly costed and adequate funding is identified prior to being presented to the Board. The Finance Committee agrees the meeting frequency and dates in advance based on the needs of the organisation. This has resulted in meetings being held on a quarterly basis since 2019 and the Finance Committee members receiving management information on a monthly basis.

During the prior year there was a reorganisation with the departure of the CEO and Chief Operating Officer with the Vice Chair of the Board of Trustees resigning from their position in May 2022 to become interim CEO in June 2022. The Finance Director also departed their role in July 2022, with a successor in place immediately. During the year a new permanent CEO joined the executive from June 2023. At year end the Executive Team was made up of the CEO, Finance Director and Director of Conservation. Subsequent to the year end a new permanent Operations and Commercial Director and Marketing Director joined the executive from February 2024. The Executive Team was charged with management of daily operations and with proposing policy to the Board of Trustees. This process was managed by quarterly Board meetings with Trustees which are formally minuted.

Pay policy for staff

Ordinarily all Trustees give their time freely, with the exception of out of pocket expenses. However, in the prior year David Meek received £4,900 for services over and above his normal Trustee duties before progressing to an executive role and taking over as interim CEO. Helen Mitchell also received £700 for one off services over and above her normal Trustee duties.

The pay of staff is reviewed annually and subject to financial performance, an increase may be awarded. In view of the nature of the charity, methodology and benchmarking is gained from inside and outside the industry and similar roles are also used to assess pay and rewards. These include:

- benchmarking against pay levels in other similar organisations
- market rate analysis conducted where similar roles operate.

Where necessary a market addition is paid but limited to the highest benchmarked salary for a comparable role.

All staff are paid at least the National Minimum Wage appropriate to their age with pay rates adjusted in line with relevant legislation during the year.

REPORT OF THE TRUSTEES (continued)

STRATEGIC REPORT

PRINCIPAL OBJECTIVES AND ACTIVITIES

The charity's principal charitable objectives include the enhancement of animal welfare, conservation, education, research, and recreation for the visiting public. The group also carries out retail and catering activities to generate additional income through its subsidiary company, Zoo Park (Twycross) Limited. The Trust owns and manages Zoological Gardens at Norton-Juxta-Twycross in Leicestershire covering an area of some 95 acres.

The Trust's aims and objectives are:

1. Life Sciences - Practice professional standards of animal care and welfare and develop environmental enrichment programmes to give the animals a fulfilled life, both physically and mentally.
2. Conservation - Incorporate the animals, wherever possible, into regional and global breeding programmes to aid species conservation. Support sound genetic management and co-operative policies to maintain the genetic diversity of species in its care and support appropriate field programmes and reintroduction projects.
3. Education - Develop formal and informal education programmes for all sectors of society regarding wildlife and its conservation (biodiversity).
4. Research - Encourage the scientific study of animals in areas that further animal welfare and conservation.
5. Financial Resilience - Generate an income to fulfil the above and for the provision of facilities in the Zoo for the recreation and enjoyment, education and cultural enrichment of its visitors.

The key developments and achievements in each of these areas is detailed in the following pages.

1. Life Sciences

With regards to the zoo site, 2023 focused on a number of welfare related upgrades to existing enclosures, for example improved heating and lighting for multiple species, improvement of flooring substrates for the giraffe, addition of an outdoor offshow area for flamingos during avian influenza restrictions, replacement of viewing windows for gorillas, and addition of tiger climbing platforms and visual barriers for other species.

As a member of EAZA, the European Association of Zoos and Aquaria, Twycross Zoo participated in forty-seven coordinated breeding programmes within Europe during the year and as such several species produced offspring. The following is a selection of births and hatchings during 2023, many of which are part of coordinated EAZA Ex-Situ Programmes (EEPs);

- four emperor tamarins,
- nine Humboldt penguins,
- one vicuna,
- one verreauxs eagle owl,
- one pileated gibbon.

The Zoo's continued participation in worldwide managed species programmes, including EEPs (EAZA *Ex-situ* Programmes) and ISBs (International Studbooks) ensures the continued genetic health of the animals and populations. The Zoo coordinates the EEPs for the black howler monkey, Ecuadorian Amazon parrot and pileated gibbon, and actively participates in many others including for Eastern black rhino, Sumatran tigers, and the bonobo, one of the four great apes and kept only by Twycross Zoo in the UK.

REPORT OF THE TRUSTEES (continued)

Twycross Zoo's commitment to species management is evident in the Zoo's continued representation at both national and international level through its involvement in key working groups and committees focusing on species management and welfare. We continue to be members of European and international organisations, including the British and Irish Association of Zoos and Aquariums (BIAZA), the European Association of Zoos and Aquaria (EAZA), the World Association of Zoos and Aquariums (WAZA) and the International Union for Conservation of Nature (IUCN).

Staff at Twycross Zoo represent a wide array of expertise and specialisms, and between them currently hold over thirty external roles within BIAZA / EAZA / WAZA and the IUCN. Including the Director of Conservation, as Chair of the EAZA Population Management Advisory Group, board member of the Global Conservation Network, and member of the BIAZA Field Conservation Committee, the Senior Curator as a member of the Gibbon Taxonomic Advisory Group and BIAZA Great Ape Welfare Group and the Veterinary Services Manager, as Chair of the BIAZA Veterinary Focus group and Veterinary Advisor for the BIAZA Mammal Working Group.

Conservation

This year saw the launch of Twycross Zoo's first ever external facing conservation strategy and an increase in our conservation expenditure, recognising the important role Twycross Zoo plays as a large charitable zoo and conservation organisation. Our Conservation Strategy 2023-2030 focuses on six key pillars underpinned by conservation research, education and training:

1. Support the maintenance of healthy *ex-situ* populations of managed species, with a focus on threatened primates and species with a conservation breeding role.
2. Build conservation resources and capacity in house and in animal range countries to support the preservation of wild populations and their habitats.
3. Deliver conservation education to promote positive behaviour change for wildlife conservation.
4. Enhance the value of zoos for wildlife conservation by influencing relevant national policy and securing the future and impact of conservation zoos.
5. Conserve UK native wildlife and habitats on our site and beyond and support key UK environmental initiatives.
6. Become a sustainable organisation and minimize our contribution to global climate change.

The year also saw the launch of our Biodiversity Action Plan (BAP) for the Twycross Zoo Nature Reserve, including our pledge for 30% of our land to be managed for native biodiversity by 2030, to align with the UK government's targets. Other work on native species included support for the reintroduction of dormouse into Derbyshire, and feasibility and assessment regarding the suitability of woodland areas in Worcestershire for reintroduction of the nationally extinct Kentish glory moth. We continued our contribution to Butterfly Conservation's UK Butterfly Monitoring Scheme through data collection on our butterfly transect within the Twycross Zoo Nature Reserve. Alongside our UK conservation work, in 2023 we worked with many global partners, to conduct important conservation action to preserve endangered species and habitats, some examples of achievements in 2023 include:

- **Friends of Bonobos, Democratic Republic of Congo**
 - Over 27,000 people reached through awareness-raising activities, including radio shows, school visits, and community sessions.
- **Borneo Nature Foundation, Indonesia**
 - 76 environmental education sessions and five field trips delivered across eight different schools, reaching a total of 243 students.

REPORT OF THE TRUSTEES (continued)

- **Ape Action Africa, Cameroon**
 - Camera traps deployed in Ngoandou Forest to survey wild chimpanzee population.

- **Amazona Lilacina Foundation, Ecuador**
 - 1,760 people were reached by education and outreach activities, across 11 schools and three community centers.

Education

Twycross Zoo has had an established conservation education programme for several decades. The Zoo's education delivery is based on informal and formal education. Informal public educational talks are delivered via a series of multiple daily talks focussing on a range of different species and conservation issues. In 2023, over 73,000 visitors attended these talks.

Our formal sessions include workshops delivered in the onsite Study Centre, and tours around the zoo, all based on the National Curriculum. These are delivered to schools, colleges and universities, ranging from Early Years, through the curriculum key stages up to Master's Level programmes and in 2023 14,384 students participated.

There is a long-standing partnership between the University of Nottingham and the Twycross Zoo veterinary department of over ten years and the Zoo is heavily involved in the clinical training of final year veterinary students. Twycross Zoo hosts students that take the final year elective of Zoo, Wildlife and Exotic Animal Medicine. Veterinary students have the opportunity to apply methods used during their course in a practical setting, including collecting data and conducting animal welfare audits.

To complement the relationship with the University of Nottingham School of Veterinary Medicine and Science, Twycross Zoo also supports the veterinary nurse programme of Nottingham Trent University. Launched in 2018 this relationship continues to strengthen with Twycross Zoo providing clinical training and placements for veterinary nurse students.

Twycross Zoo is currently working with various Midlands based universities to develop new courses and experiences for students as part of the National Science and Conservation Centre (NSCC) development. These courses include both undergraduate and postgraduate opportunities and will start to be delivered over the next few years.

Research

In 2022 Twycross Zoo participated in thirty-eight research projects across a wide range of scientific disciplines including veterinary science, conservation genetics, conservation science, ape cognition and animal behaviour and welfare. Of these projects, thirteen were at bachelor's degree level, 6 at master's level, and 8 at PhD or post doc level. A focus has been on increasing projects have been at master's level and above, which increases the likelihood of further acknowledgements for Twycross Zoo in peer reviewed journal publications. In 2023 Twycross Zoo staff authored and co-authored 5 scientific publications, 1 magazine article, and supported 30 conference submissions (11 poster presentations and 19 oral presentations).

Twycross Zoo is committed to driving research to help achieve our conservation and organisational goals. These include studies that will enhance welfare or husbandry practices for our animals or help optimise conservation education/visitor engagement. We will also engage university partners in projects focused on helping us achieve our sustainability objectives and assessing native species at the Twycross Zoo Nature Reserve and within the wider zoo site.

Twycross Zoo - East Midland Zoological Society Limited

Co No: 1060956

Registered Charity No: 501841

Year ended 31 December 2023

REPORT OF THE TRUSTEES (continued)

Financial

See also Financial Review Section

The Zoo traded well during the year, continuing its improving trend since the Covid-19 pandemic. Against a challenging economic backdrop the Zoo saw visitor numbers increase to 589k from 571k in the previous year while also driving an increase in spend per head.

During the year the Zoo changed its primary offering to be an annual ticket product, rather than a day ticket, which improves the value proposition for the customer and has had the added benefit of improving the number of customers electing to gift aid. This annual ticket was launched at the end of June and has been well received in the market. While the cash generated in the year has been strong, accounting revenue recognition rules mean that the ticket revenue is being earned over a 12 month period which has had the impact of reducing profitability during 2023 as tickets sold during the year are partly earned during the following year. The table below demonstrates the short term accounting impact of deferring this revenue.

	With ticket income deferred	Without ticket income deferred	
	2023 £'000	2023 £'000	2022 £'000
Total incoming resources	11,965	14,397	13,812
Net outgoing resources	(4,155)	(1,723)	(1,124)

Adjusting to remove the deferral of the annual ticket, income would have been £14.4m, up 4.2% which, against a challenging economic environment, is considered a positive trend.

With regards to costs, the Zoo has focused on the welfare of both the animals on site and the team operating it with both staff and site management costs up year on year. Marketing costs have been held largely flat to reflect that the new ticket offering was such a strong proposition to the customer. Overall, EBITDA remained flat again year on year once adjusted to remove the impact of deferring annual ticket income, remaining at £1.1m (2022: £1.1m).

Overall, income including Government Support was £12.0m (2022: £13.8m). The net deficit is £4,155k (2022: deficit of £1,124k). The Total Funds decreased in the year by £4,163k (2022: decrease of £978k) to £21.3m (2022: £25.5m).

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 launch of Twycross Zoo's Conservation Strategy 2023-2030 refreshed and reinforced Twycross Zoo's commitment to improving conservation and sustainability for the benefit of our planet that we share with other animals. The six pillars outlined above under the Conservation header demonstrate the breadth of commitments being made by the charity across a range of important global issues. The Biodiversity Action Plan is further evidence of the Zoos commitment to biodiversity specifically around the globe.

REPORT OF THE TRUSTEES (continued)

Internal Operations

The Charity owns the whole of the issued share capital of Zoo Park (Twycross) Limited whose activities include the management of retail shops, cafeterias and conference facilities within the Himalaya building as well as additional retail and cafeterias facilities around the Zoo. The aim of the subsidiary is to generate funds to donate to the financial viability of the charity. The subsidiary company pays rent to the charity in respect of the buildings and assets utilised by the shops and cafeterias.

The Retail Strategy continued to deliver a sound retail product offer. Increased visitor numbers compared to 2022 drove a strong revenue number which was almost flat with the previous year. The new annual ticket offering has driven an uplift in catering revenue year on year with repeat visitors continuing to utilise the catering outlets, while retail has seen a slight reduction as repeat customers are not as likely to visit the onsite shops. A full retail range review has been performed for 2024 to ensure the offering can be evolved and changed during the year to ensure variety for repeat visitors. Catering is delivered in partnership with a catering specialist. Retail and Catering turnover totalled £4.3m (2022: £4.4m) and profit £0.4m (2022: £0.7m).

The Charity does not perform any material fundraising activities.

Key Performance Indicators

Key Performance Indicators are set to monitor and measure progress and achievements throughout the year. The Zoo's executive team monitors and reviews on a regular basis the charity's key performance indicators against budget and prior year performance which include: -

- Admissions Revenue
- EBITDA
- Retail spend
- Catering spend
- Total visitors
- Education visits
- Memberships

Regular monitoring of the KPI's ensured the Zoo was able to achieve its financial, education and charitable objectives throughout the year.

FINANCIAL REVIEW

The Zoo generated positive EBITDA of £1.1m, adjusting to remove the deferral of annual ticket income. This trading cash inflow was used to fund financing costs of £1.3m in addition to capital investments of £1.0m resulting in an overall cash reduction in year of £1.2m. The annual Financial Statements for the year to 31 December 2023 are set out at pages 19 to 46. The Trustees' financial objectives are to make a surplus each year. In 2023, a deficit was made of £(4,155k) (2022: deficit of £(1,124k)).

Capital Expenditure

Capital investment in the Zoo's habitat and visitor experience is a strategic priority of the Trustees. Fixed asset additions were £1,023k (2022: £2,510k). No major habitat developments were undertaken, although some minor improvements were performed on existing facilities.

Income and Expenditure

Admissions and related income was £7.6m (2022: £9.3m) a decrease of 18% (2022: increase 35%), however adjusting this to remove the ticket revenue deferral shows a 7.5% increase to £10.0m, reflecting a strong summer. Donations and

REPORT OF THE TRUSTEES (continued)

Legacies received were £79k (2022: £75k). Retail and catering income decreased by 2% to £4,312k (2022: £4,386k) primarily linked to the change in ticket offering.

Total Expenditure increased to £16.1m (2022: £14.9m) reflecting a full year of the depreciation of The Gruffalo Discovery Land, as well as the aforementioned additional spend on staff and site improvements.

Zoo Park (Twycross) Limited

The Zoo's trading subsidiary, Zoo Park (Twycross) Limited provides retail and catering facilities across the site reported a turnover of £4.3m (2022: £4.4m). The surplus of £381k (2022: £723k) was 47% less than 2022 and is included in the Group surplus.

Going Concern

The Group has net current liabilities of £2,260k (2022: net current assets of £1,391k). This is in large part due to deferred income as a result of the annual ticket, without which net current assets would be £44k. In determining whether the Group's annual financial statements can be prepared on a going concern basis, the Trustees have considered the Group's business activities, together with the factors likely to affect its future development, performance and position, including the impact of the cost of living crisis and high inflation rates in the UK. The review also includes the financial position of the Company and the wider Group that the Company is part of, their short term and long-term cash flows, liquidity position and borrowing facilities.

The going concern assessment covers a period to the end of September 2025, representing more than 12 months from the date of signing the accounts. The base case projections are based upon a reforecast of the budget for 2024 and 2025 which have been approved by the Board of Trustees.

The key factors considered by the Trustees in making the assessment of going concern were as follows:

- ▶ Prudent financial planning assumptions to ensure resources are directed towards critical activities. For example, potential upsides from activity such as donations made to the Group and from other one-off activities which are planned are excluded from the budget.
- ▶ Building on the positive trading experience following the change in pricing and marketing strategies in Summer 2023 with yields continuing to improve.
- ▶ The implications that social and economic conditions may have the Group's revenues and profits driven by the cost of living crisis and high cost inflation.
- ▶ The uncertainty over future changes in the Bank of England interest rates, to which the interest on the £5.7m loan facility with an extended termination date of December 2039 and the £4.3m Coronavirus Business Interruption Loan (CBIL) is bound.

The Group breached one of their banking covenants in the first two quarters of 2023 which was notified to the bank. Following detailed discussions around the reasons for breach and the Group business plan, the bank waived these breaches. Given a challenging start to 2023 and the accounting implications of the new annual ticket the Group's banking partner agreed to reset the profitability based covenant such that it is next tested at 30 September 2024, to allow for a full 12 months of earnings of the new ticket. The minimum cash covenant was increased to account for higher levels of Bank of England base rates and the Group committed to testing the cashflow based covenant on a quarterly basis to provide further comfort around cash control. The changes are a further demonstration of the banks continued support for the Group.

REPORT OF THE TRUSTEES (continued)

During the first quarter of 2024 the Group breached the minimum cash level covenant for a short period as a result of a specific working capital phasing challenge. The bank were notified in advance and the Group actively managed cash during the period. The bank waived their rights under the breach.

Based on budgets for the period to December 2024 and the reforecast performed as part of this going concern assessment, all covenants are met and no further breaches are forecast.

However, as a result of the continued cost of living crisis there continues to be increased uncertainty regarding the potential impact that this may have on visitor numbers and ultimate future cashflows. In the case of an adverse movement in footfall against budget there are a number of operating costs, particularly given the make-up of the Group's cost base, which can be flexed accordingly and, as was demonstrated during 2020 and 2021 there are a number of other cost reduction mechanisms which management can apply which can be used to further reduce costs during a prolonged downturn. A reverse stress test has been performed which demonstrates that standard visitor number reductions of 1.2% can be borne without breaching the Group's covenants during the going concern assessment period. As part of the ordinary running of the business, a number of semi variable costs can be flexed and capital spend can be reduced in response to any downturn in visitor numbers to mitigate the impact of an income fall, increasing the fall which can be withstood to 1.5%. In the event of a more severe downturn, there are more significant actions which management could take reposition the Group's cost base.

The Trustees have assessed the financial position of the organisation, the forecasts described above and the mitigating actions available. The Trustees acknowledge that due to the continued risks with current economic uncertainty, as well further potential future downturns in the current economic climate, both of which are outside of management control, there is a plausible, adverse scenario that would result in a case of non-compliance with banking covenants and that this constitutes a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as a Going Concern. However, given the existing mitigating factors and potential upsides to the budgets the Trustees are confident that the Group and Company can continue in operational existence to the end September 2025.

The Trustees continue to adopt the going concern basis for the preparation of these financial statements and in preparing the financial statements they do not include any adjustments that would be required if they were prepared on a basis other than going concern.

PLANS FOR THE FUTURE

The launch of Twycross Zoo's Conservation Strategy 2023-2030 coincided with the appointment of a new permanent CEO and an overall refresh of the Zoos long term strategy. A new executive team has been established during early 2024 with the appointment of a new Marketing Director and Operations and Commercial Director which, along with the wider Zoo team, has established a strategy which focuses on the Zoos animals, people, and guests. A significant review of the operational KPIs has been performed and the whole Zoo team is now aligned in one set of goals which both grow the Zoo in terms of revenue and cash generation, while also focusing on how these additional funds should be used to improve and broaden our conservation efforts while improving both customer satisfaction and staff welfare.

Design and planning work is now well underway on the development of the National Science and Conservation Centre following a successful bid for Government levelling up funding which is due for completion in 2025.

REPORT OF THE TRUSTEES (continued)

RISK MANAGEMENT

The Zoo has a formal risk management strategy in place to assess business risks across the organisation. The Zoo continually reviews the major risks that it faces and has developed systems to monitor and control these risks to mitigate any impact they may have on the Zoo in the future.

The principal risks and uncertainties facing the Zoo's ongoing success are:

Risk Description	Impact / Consequence	Mitigation
Downturn in the UK and / or global economy adversely affecting the UK tourist and leisure industry	<ul style="list-style-type: none"> • Visitor number reduction • Loss of revenue • Lack of financing facilities • Unable to invest in the Zoo's development programme • Unable to maintain the current Zoo site • Unable to maintain animal collection • Lose core staff 	<ul style="list-style-type: none"> • Ensure as many costs as possible can be flexed with visitor numbers • Engage with a strong targeted marketing campaign • Exploit the drive time markets • Keep the Zoo exhibits refreshed • Provide "Value added" for the ticket price
The Zoo does not retain its Zoo licence	<ul style="list-style-type: none"> • Zoo closure is enforced 	<ul style="list-style-type: none"> • Maintain required standards as dictated by the Zoo Licensing Act • Carryout regular desktop compliance reviews • Carryout regular training
There are insufficient cash funds available to cash flow the Zoo's business plan	<ul style="list-style-type: none"> • The Zoo could be declared bankrupt by unpaid creditors 	<ul style="list-style-type: none"> • Maintain an adequate set level of working capital. • Cash reserves forecasts are set aside to enable cash flow management. • Carryout regular cash forecasting of available cash to determine adequate levels.
Cash covenants are breached	<ul style="list-style-type: none"> • Reputational damage with funders • Not able to deliver the Zoo Development plan impacting negatively on visitor revenue 	<ul style="list-style-type: none"> • Regular reviews of covenants carried out and reported to Board and Committee • Regular reviews of cash forecasting reported to Committee • Regular Debt reviews carried out • Profit protection plan monitored • Maintain strong working relationships with key banking partner with open lines of communication
Breach of Health & Safety statutory regulations	<ul style="list-style-type: none"> • The Zoo licence is revoked by the Local Authority • Investigation and prosecution by Health & Safety Executive • The Zoo incurs criminal charges and financial penalties 	<ul style="list-style-type: none"> • Contract with a "Critical" partner to provide compliance assurance • Ensure adequate H&S policies in place which are implemented • Regular and appropriate H&S training for staff
IT infrastructure is not adequate to support the business operation	<ul style="list-style-type: none"> • There is a breakdown of IT equipment due to age and / or inadequacy of the equipment • Breach of IT security of the data held and / or loss of data • Loss of revenue • Reputational damage 	<ul style="list-style-type: none"> • Ensure sound and capable IT infrastructure and support • Utilise in-house and outsourced solutions for growth and delivery • Long term planning to replace / upgrade solutions • Take timely and regular system back-ups / replications appropriate to the data and operation • Policy for data storage which is adhered to including an "off-site" option. • Frequent "patching" with "provider issued" patching to guard against unauthorised access • Develop "resilience" into the system to ensure business continuity. • Carryout annual scoping exercises to ensure current IT infrastructure is adequate
Board Members and Exec (Strategic Team) will not have sufficient skill or experience to manage the organisation's affairs.	<ul style="list-style-type: none"> • Decisions made which are not thought through with high quality rigor damage the organisation's sustainability and reputation. 	<ul style="list-style-type: none"> • Review Board skill sets annually to ensure appropriateness and fit to strategic objectives • Carryout regular Board training in key strategic areas • Ensure regular governance updates • Ensure Strategic team have at least an annual strategy day to review and develop strategic plans and direction

Twycross Zoo was issued with a full clean zoo licence by Hinkley and Bosworth Borough Council on 1st August 2024 and remains in force until 20th September 2030.

REPORT OF THE TRUSTEES (continued)

RELATIONSHIPS WITH OTHER CHARITABLE BODIES

The Trust maintains active links and co-operates with other Zoos and animal welfare bodies throughout the world in the furtherance of the Charity's aims and objectives. These include BIAZA (British and Irish Association of Zoos and Aquariums), EAZA (European Association of Zoos and Aquaria), WAZA (World Association of Zoos and Aquariums), IUCN (International Union for Conservation of Nature) and CPSG (Conservation Planning Specialist Group).

RESERVES POLICY

The Trustees aim to maintain free reserves in unrestricted funds at a level which equates to approximately three months of unrestricted spending expenditure. The Trustees consider that this level has been met and will provide sufficient funds to respond to short term funding requirements and to ensure that support costs are covered. This aim has been maintained throughout the year.

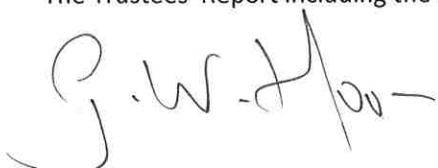
The balance held as unrestricted funds at 31 December 2023 was £17.8m (2022: £22.4m), of which £1.2m (2022: £1.2m) are regarded as free non-designated reserves, after allowing for funds designated for fixed assets and conservation welfare and the revaluation reserve. Restricted reserves are £3.5m (2022: £3m).

It is acknowledged by the organisation that it needs to maintain cash reserves that cover operating costs for a minimum of 3 months, estimated at £1.5m. Cash and bank reserves at 31 December 2023 were £1.3m (2022: £2.5m) which was a little less than needed for the expected level, however this was driven by a short term working capital challenge which was known about, managed and resolved during the first quarter of 2024.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as company directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Report including the Strategic Report was approved on behalf of the board by:



Rt Hon G W Hoon

Chairman

Date 30/9/2024

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees (who are also directors of Twycross Zoo-East Midlands Zoological Society Limited for the purposes of company law) are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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 affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the Trustees are required to:

- select suitable accounting policies in accordance Section 10 of FRS 102 and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether applicable UK Accounting Standards, including 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 appropriate to presume that the company and/ or the group will not continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and group'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 company and the group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Trustees are also responsible for preparing a Trustees' report, that complies with that law and those regulations. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWYXCROSS ZOO – EAST MIDLANDS ZOOLOGICAL SOCIETY LIMITED

Opinion

We have audited the financial statements of Twycross Zoo – East Midlands Zoological Society Limited ('the parent charity') for the year ended 31 December 2023 which comprise of the Consolidated Statement of Financial Activities, the Consolidated Group and Company Balance Sheets, the Consolidated Statement of Cash Flows 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 December 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We draw attention to the Accounting Policies in the financial statements, which indicates that the Group's trading position and compliance with lender covenants may cast significant doubt on Group's ability to continue as a going concern. As stated in the Accounting Policies, these events or conditions, along with the other matters as set forth in this note to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWYXCROSS ZOO – EAST MIDLANDS ZOOLOGICAL SOCIETY LIMITED (Continued)

Other information

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

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 course of 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 themselves. 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.

Opinions 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 Trustees' Report which includes the Strategic Report and Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWYCROSS ZOO – EAST MIDLANDS ZOOLOGICAL SOCIETY LIMITED (Continued)

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the parent 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and the parent charity 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. 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent charity and its activities, we considered that noncompliance with the following laws and regulations might have a material effect on the financial statements:

Charities Act 2011, the Charities Statement of Recommended Practice, employment regulation and health and safety regulation, anti-money laundering regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent charity which were contrary to applicable laws and regulations, including fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWYXCROSS ZOO – EAST MIDLANDS ZOOLOGICAL SOCIETY LIMITED (Continued)

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to income recognition (which we pinpointed to the cut off assertion) and the use of restricted funds, significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit report

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.



David Hoose (Sep 30, 2024 12:08 GMT+1)

David Hoose
(Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
58 The Ropewalk, Park View House, Nottingham, NG1 5DW
Date: Sep 30, 2024

Twycross Zoo - East Midland Zoological Society Limited

Co No: 1060956

Registered Charity No: 501841

Year ended 31 December 2023

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Consolidated Income and Expenditure Account) for the year ended 31 December 2023

		2023			2022
	Notes	Unrestricted	Restricted	Endowment	Total
		£'000	£'000	£'000	£'000
INCOMING RESOURCES					
FROM GENERATED FUNDS					
Voluntary					
Donations & Gifts	2	79	-	-	79
CHARITABLE ACTIVITIES					
Life Science, Education and Conservation Welfare	3	7,031	537	-	7,568
Activities For Generating Funds					
Retail & Catering	4	4,312	-	-	4,312
Government Business					
Support Grants		-	-	-	-
Interest Received		6	-	-	6
TOTAL INCOMING RESOURCES		11,428	537	-	11,965
RESOURCES EXPENDED					
COST OF GENERATING FUNDS					
Retail & Catering	4/5	(3,419)	-	-	(3,419)
CHARITABLE ACTIVITY					
Life Science, Education and Conservation Welfare	5	(12,532)	(93)	-	(12,625)
GOVERNANCE COSTS		(76)	-	-	(76)
TOTAL RESOURCES EXPENDED		(16,027)	(93)	-	(16,120)
NET (OUTGOING)/INCOMING RESOURCES		(4,599)	444	-	(4,155)
OTHER RECOGNISED GAINS					
Actuarial gain on revaluation of pension liability		(8)	-	-	(8)
NET MOVEMENT IN FUNDS		(4,607)	444	-	(4,163)
FUND BALANCES BROUGHT FORWARD AT 1 JANUARY	18/19	22,389	3,038	100	25,527
FUND BALANCES CARRIED FORWARD AT 31 DECEMBER	18/19	17,782	3,482	100	21,364

Income and net income for the year arise from the Group's continuing operations. No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Consolidated Statement of Financial Activities.

Twycross Zoo - East Midland Zoological Society Limited

Co No: 1060956

Registered Charity No: 501841

Year ended 31 December 2023

CONSOLIDATED GROUP AND COMPANY BALANCE SHEET

As at 31 December 2023

	Notes	Group		Company	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
FIXED ASSETS					
Intangible Assets	11	12	30	12	30
Tangible Assets	12	33,847	34,726	33,847	34,726
Investments	13	-	-	73	73
		<u>33,859</u>	<u>34,756</u>	<u>33,932</u>	<u>34,829</u>
CURRENT ASSETS					
Stocks	14	235	322	-	4
Debtors	15	682	515	906	1,078
Cash at Bank & In Hand		1,306	2,462	673	1,615
		<u>2,223</u>	<u>3,299</u>	<u>1,580</u>	<u>2,697</u>
CREDITORS: Amounts falling due within one year	16	(4,483)	(1,908)	(4,367)	(1,833)
NET CURRENT ASSETS		<u>(2,260)</u>	<u>1,391</u>	<u>(2,786)</u>	<u>864</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,599</u>	<u>36,147</u>	<u>31,145</u>	<u>35,693</u>
CREDITORS: Amounts falling due after more than one year	17	(9,963)	(10,367)	(9,963)	(10,367)
Pension Creditor	25	(273)	(253)	(273)	(253)
		<u>(10,236)</u>	<u>(10,620)</u>	<u>(10,236)</u>	<u>(10,620)</u>
NET ASSETS		<u><u>21,364</u></u>	<u><u>25,527</u></u>	<u><u>20,909</u></u>	<u><u>25,073</u></u>
FUNDS					
Endowment Fund	18	100	100	100	100
Restricted Funds	18	3,481	3,038	3,482	3,038
UNRESTRICTED FUNDS					
Designated	18	12,238	16,498	12,238	16,498
Other	18	1,204	1,204	750	750
Revaluation Reserve	18	4,340	4,687	4,340	4,687
	19	<u>21,364</u>	<u>25,527</u>	<u>20,909</u>	<u>25,073</u>

The standalone Company deficit, in the current and prior year, was equal to that of the Group. The financial statements on pages 19 to 46 have been approved by the board and authorised for issue on and are signed on its behalf by:

Rt Hon G W Hoon – Chairman

G. W. Hoon – 30/9/2024

Twycross Zoo - East Midland Zoological Society Limited

Co No: 1060956

Registered Charity No: 501841

Year ended 31 December 2023

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
CASHFLOWS FROM OPERATING ACTIVITIES			
NET CASH PROVIDED BY OPERATING ACTIVITIES	22	1,053	855
		<u>1,053</u>	<u>855</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid to acquire intangible and tangible fixed assets		(1,023)	(2,535)
		<u>(1,023)</u>	<u>(2,535)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash inflows from new bank borrowings		-	-
Interest paid		(812)	(468)
Repayments of bank borrowings and repayment of principal amounts of finance leases and capital creditors		(374)	(284)
NET CASH PROVIDED (USED IN)/BY FINANCING ACTIVITIES		<u>(1,186)</u>	<u>(752)</u>
Decrease in cash and cash equivalents	22	(1,156)	(2,432)
Cash and cash equivalents at 1 st January		2,462	4,894
CASH AND CASH EQUIVALENTS AT THE 31st DECEMBER	22	<u>1,306</u>	<u>2,462</u>

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Twycross Zoo – East Midland Zoological Society Limited is a charitable company and a public benefit entity. Therefore, other than the revaluation of the zoo’s land and buildings, the financial statements have been prepared under the historical cost accounting rules. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes and are in accordance with applicable accounting standards, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

As permitted by section 408 of the Companies Act 2006 the income and expenditure account of the parent company has not been separately presented in the financial statements. The financial statements are presented in thousands (£).

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking on a line by line basis using acquisition accounting, eliminating intercompany balances and transactions. The financial statements are presented in the form of Group financial statements.

GOING CONCERN

The Group has net current liabilities of £2,260k (2022: net current assets of £1,391k). This is in large part due to deferred income as a result of the annual ticket, without which net current assets would be £44k. In determining whether the Group’s annual financial statements can be prepared on a going concern basis, the Trustees have considered the Group’s business activities, together with the factors likely to affect its future development, performance and position, including the impact of the cost of living crisis and high inflation rates in the UK. The review also includes the financial position of the Company and the wider Group that the Company is part of, their short term and long-term cash flows, liquidity position and borrowing facilities.

The going concern assessment covers a period to the end of September 2025, representing more than 12 months from the date of signing the accounts. The base case projections are based upon a reforecast of the budget for 2024 and 2025 which have been approved by the Board of Trustees.

The key factors considered by the Trustees in making the assessment of going concern were as follows:

- ▶ Prudent financial planning assumptions to ensure resources are directed towards critical activities. For example, potential upsides from activity such as donations made to the Group and from other one-off activities which are planned are excluded from the budget.
- ▶ Building on the positive trading experience following the change in pricing and marketing strategies in Summer 2023 with yields continuing to improve.
- ▶ The implications that social and economic conditions may have the Group’s revenues and profits driven by the cost of living crisis and high cost inflation.
- ▶ The uncertainty over future changes in the Bank of England interest rates, to which the interest on the £5.7m loan facility with an extended termination date of December 2039 and the £4.3m Coronavirus Business Interruption Loan (CBIL) is bound.

The Group breached one of their banking covenants in the first two quarters of 2023 which was notified to the bank. Following detailed discussions around the reasons for breach and the Group business plan, the bank waived these breaches. Given a challenging start to 2023 and the accounting implications of the new annual ticket the Group’s banking partner agreed to reset the profitability based covenant such that it is next tested at 30 September 2024, to allow for a full 12 months of earnings of the new ticket. The minimum cash covenant was increased to account for higher levels of Bank of England base rates and the Group committed to testing the cashflow based covenant on a quarterly basis to provide further comfort around cash control. The changes are a further demonstration of the banks continued support for the Group.

ACCOUNTING POLICIES (continued)

During the first quarter of 2024 the Group breached the minimum cash level covenant for a short period as a result of a specific working capital phasing challenge. The bank were notified in advance and the Group actively managed cash during the period. The bank waived their rights under the breach.

Based on budgets for the period to December 2024 and the reforecast performed as part of this going concern assessment, all covenants are met and no further breaches are forecast.

However, as a result of the continued cost of living crisis there continues to be increased uncertainty regarding the potential impact that this may have on visitor numbers and ultimate future cashflows. In the case of an adverse movement in footfall against budget there are a number of operating costs, particularly given the make-up of the Group's cost base, which can be flexed accordingly and, as was demonstrated during 2020 and 2021 there are a number of other cost reduction mechanisms which management can apply which can be used to further reduce costs during a prolonged downturn. A reverse stress test has been performed which demonstrates that standard visitor number reductions of 1.2% can be borne without breaching the Group's covenants during the going concern assessment period. As part of the ordinary running of the business, a number of semi variable costs can be flexed and capital spend can be reduced in response to any downturn in visitor numbers to mitigate the impact of an income fall, increasing the fall which can be withstood to 1.5%. In the event of a more severe downturn, there are more significant actions which management could take reposition the Group's cost base.

The Trustees have assessed the financial position of the organisation, the forecasts described above and the mitigating actions available. The Trustees acknowledge that due to the continued risks with current economic uncertainty, as well further potential future downturns in the current economic climate, both of which are outside of management control, there is a plausible, adverse scenario that would result in a case of non-compliance with banking covenants and that this constitutes a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as a Going Concern. However, given the existing mitigating factors and potential upsides to the budgets the Trustees are confident that the Group and Company can continue in operational existence to the end September 2025.

The Trustees continue to adopt the going concern basis for the preparation of these financial statements and in preparing the financial statements they do not include any adjustments that would be required if they were prepared on a basis other than going concern.

INCOME

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

Income from government and other grants, including financial support through Coronavirus Business Interruption Loans and the Coronavirus Job Retention Scheme, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from gate admissions is recognised at point of entry. Income from the sale of annual passes is deferred and recognised evenly over the period that the pass is valid. Income from legacies is recognised at the point of receipt.

DONATED SERVICES AND FACILITIES

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised and refer to the trustees' annual report for more information about their contribution.

ACCOUNTING POLICIES (continued)

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

FUND ACCOUNTING

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific artistic projects being undertaken by the Charity.

EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is included in the Statement of Financial Activities on an accruals basis net of value added tax.

Expenditure is classified under the following activity headings:

- Costs of raising funds are those costs incurred in the trading activities of the retail and catering functions.
- Expenditure on charitable activities includes costs associated with animals, education and conservation and includes both the direct costs and support costs relating to these activities.
- Support costs include central functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Zoo's activities. Support costs have been allocated to activity cost categories on a basis consistent with the use of resources.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

INTANGIBLE FIXED ASSETS AND AMORTISATION

Intangible fixed assets are stated at historical cost less accumulated amortisation.

Amortisation is provided to write off the cost less the estimated residual value of intangible fixed assets over their estimated useful lives as follows:

IT software- 10% - 33% per annum

TANGIBLE FIXED ASSETS AND DEPRECIATION

The zoo's land and buildings has been revalued at adjusted depreciation replacement cost as at 31st December 2021, excluding assets under construction. The revaluation was conducted in accordance with FRS102 guidance in order to reflect more accurately the value of Land and Buildings assets owned by Twycross Zoo. The net difference between the written down value and the revaluation as each point in time has been recorded within the revaluation reserve. The difference between the depreciation based on the revalued carrying value and the depreciation based on the original cost is released from the revaluation reserve to other unrestricted funds each year. All other fixed assets are held at historical cost.

ACCOUNTING POLICIES (continued)

Depreciation of fixed assets are charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost. Assets in the course of construction are disclosed separately at a value equal to costs incurred to date. Once completed, they are reclassified and depreciated using the Group's depreciation policy below. No residual values are typically considered.

Zoo's freehold land and buildings revalued as at 31/12/2021	Variable dependant on component's life
Tools, plant and equipment	-10% - 20% per annum
Furniture and equipment	-10% - 25% per annum
Motor vehicle	-10% - 20% per annum
IT equipment	-33% - 50% per annum

Assets in the course of construction are transferred to the relevant asset category on the date of completion and depreciated from that date.

IMPAIRMENT

The carrying amounts of assets are reassessed when impairment indicators are present. An impairment loss would be 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.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less costs of disposals.

DEBTORS

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

CASH AT BANK AND IN HAND

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

CREDITORS AND PROVISIONS

Creditors and provisions are recognised where the charity 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 and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

FINANCIAL INSTRUMENTS

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

ZOO ANIMALS

Most of the Zoo's animals are part of international breeding programmes and are "on loan" and as such, are not owned by Twycross Zoo. No valuation is made of the animal collection at the end of each year. Where appropriate, purchases and sales appear in the financial statements as revenue items in the year in which they arise.

ACCOUNTING POLICIES (continued)

LEASED ASSETS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as though they had been purchased outright. The amount capitalised is the present value of the minimum lease payments during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the Statement of Financial Activities (SOFA) based upon the effective interest method.

TAXATION

The charity is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 252 of the Taxation and Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Its trading company usually donates the whole of its taxable profits to the Society each year, and tax relief is granted on the transfer if it is completed in compliance with current tax legislation.

RETIREMENT BENEFITS

The Charity runs a stakeholder pension scheme. The amount charged in respect of pension costs is the employer's contributions payable for the year. The pension scheme is a defined contribution scheme. The Company has put arrangements in place via an Employer Financed Retirement Benefits Scheme (EFRBS) for an ex-employee with a pension entitlement contained within their employment contract. The Company's obligations under this EFRBS will not be funded, however they will constitute liabilities of the Company payable when due and therefore are disclosed in the Company's accounts.

INVESTMENTS

Investments in the Company's' accounts relate to holdings in its subsidiary and are carried at cost.

RECOGNITION OF LIABILITIES

Liabilities are recognised when there is a legal or constructive obligation.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The zoo's land and buildings are revalued at adjusted depreciation replacement cost which relies upon estimates around both the value of land in the current market as well as estimates around cost to replace the building assets held. These valuations are based on valuations performed by an independent valuation expert and ultimately approved by the Trustees.

As all tangible fixed assets are carried at either cost less depreciation or revaluation less depreciation, there is also a critical estimate associated with the useful economic lives associated with those assets. The estimation of useful lives is based on certain indicators such as historical experience with similar assets as well as anticipation of future events, which may impact the lives, such as changes in technology. The useful lives will also depend on the future performance of the assets as well as management's judgement of the period over which economic benefits will be derived from the assets.

ACCOUNTING POLICIES (continued)

The Company provides catering in partnership with a third party provider and as such is required to consider whether it is principal or agent in the transaction. Having considered the various factors set out in FRS 102 Section 23 Revenue, the Company is considered to be acting as principal for transactions under the contract with the third party. This is primarily driven by the fact that the Company is exposed to 82.5% of the result and is therefore exposed to most of the risks and rewards of the activity. Furthermore, as the end customer is not likely to consider themselves as purchasing from an agent it is likely any poor performance on behalf of the third party would have a negative impact on the reputation of the Company, further exposing the Company to risks around performance. As a result of this judgment, catering is disclosed as income of £2,473k (2023: £2,375k) and £2,055k (2023: £1,805) of costs. If the Company had concluded it was an agent these figures would be disclosed net. There would be no net impact on profitability of the balance sheet position.

The defined benefit obligation is accounted for using a method that relies on actuarial assumptions to estimate the liability for inclusion in the financial statements. These actuarial assumptions include discount rates, inflation rate and mortality rates.

NOTES TO THE ACCOUNTS**1. COMPARATIVE SOFA****CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating Consolidated Income and Expenditure Account) for the year ending 31 December 2022**

	2022			Total £'000
	Unrestricted £'000	Restricted £'000	Endowment £'000	
INCOMING RESOURCES				
FROM GENERATED FUNDS				
Voluntary				
Donations & Gifts	75	-	-	75
CHARITABLE ACTIVITIES				
Life Science, Education and Conservation Welfare	8,898	411	-	9,309
Activities For Generating Funds				
Retail & Catering	4,386	-	-	4,386
Government Business Support Grants	38	-	-	38
Investment Income	4	-	-	4
TOTAL INCOMING RESOURCES	13,401	411	-	13,812
RESOURCES EXPENDED				
COST OF GENERATING FUNDS				
Retail & Catering	(3,120)	-	-	(3,120)
CHARITABLE ACTIVITY				
Life Science, Education and Conservation Welfare	(11,655)	(99)	-	(11,754)
GOVERNANCE COSTS	(62)	-	-	(62)
TOTAL RESOURCES EXPENDED	(14,837)	(99)	-	(14,936)
NET INCOMING/(OUTGOING) RESOURCES	(1,436)	312	-	(1,124)
Other recognised gains and losses				
Actuarial loss on revaluation of pension liability	146	-	-	146
Gain on revaluation of fixed assets	-	-	-	-
NET MOVEMENT IN FUNDS	(1,290)	312	-	(978)
FUND BALANCES BROUGHT FORWARD AT 1 JANUARY	23,679	2,726	100	26,505
FUND BALANCES CARRIED FORWARD AT 31 DECEMBER	22,389	3,038	100	25,527

NOTES TO THE ACCOUNTS (continued)

2. DONATIONS AND LEGACIES

	2023 £'000	2022 £'000
Donations & Gifts	16	29
Legacies	63	46
	<u>79</u>	<u>75</u>

3. CHARITABLE ACTIVITIES

Life Science, Education and Conservation Welfare

	2023 £'000	2022 £'000
Unrestricted Income		
Gate Admissions and Donations	5,170	7,596
Gift Aid	762	241
Membership and adoptions	508	640
Educational visits	32	14
Other Income	559	407
	<u>7,031</u>	<u>8,898</u>
Restricted Income		
Research and Conservation Grants	537	411
	<u>7,568</u>	<u>9,309</u>

NOTES TO THE ACCOUNTS (continued)

4. RETAIL AND CATERING

	Notes	2023 £'000	2022 £'000
Turnover		4,312	4,386
Cost of Sales		(2,950)	(2,674)
		<hr/>	<hr/>
Gross Profit		1,362	1,712
Administrative Expenses		(981)	(989)
		<hr/>	<hr/>
Net Profit		381	723
Reconciliation to SOFA			
Cost of sales		2,950	2,674
Administrative Expenses		981	989
		<hr/>	<hr/>
		3,931	3,663
Less rent payable to parent		(491)	(527)
Less auditors remuneration analysed as governance costs		(21)	(16)
		<hr/>	<hr/>
		<u>3,419</u>	<u>3,120</u>

Turnover includes government support grants of Nil (2022 : Nil).

NOTES TO THE ACCOUNTS (continued)

5. ANALYSIS OF TOTAL EXPENDITURE

COSTS DIRECTLY ALLOCATED TO ACTIVITIES	Retail & Catering Costs	Life Science, education and conservation welfare costs	2023 Total Costs	2022 Total Costs
				£'000
Life Science	-	699	699	649
Building Expenses	-	2,310	2,310	2,154
Retail & Catering	2,950	-	2,950	2,674
Advertising & Publicity	-	1,163	1,163	1,347
Legal & Professional	1	193	194	433
	<u>2,951</u>	<u>4,365</u>	<u>7,316</u>	<u>7,257</u>
SUPPORT COSTS ALLOCATED TO ACTIVITIES				
Staff Costs	449	3,775	4,224	3,656
Office Expenses	19	1,174	1,193	1,198
Irrecoverable Vat	-	570	570	493
Depreciation & amortisation	-	1,919	1,919	1,783
Finance Costs	-	822	822	487
	<u>468</u>	<u>8,260</u>	<u>8,728</u>	<u>7,617</u>
2023 Totals	<u><u>3,419</u></u>	<u><u>12,625</u></u>	<u><u>16,044</u></u>	<u><u>14,874</u></u>
2022 Totals	<u><u>3,120</u></u>	<u><u>11,754</u></u>	<u><u>14,874</u></u>	

NOTES TO THE ACCOUNTS (continued)**6. NET INCOME**

	2023 £'000	2022 £'000
Net income is stated after charging:		
Operating lease rentals		
- plant and machinery	58	42
Auditors' remuneration		
- for audit services	49	54
- for non-audit services – tax advice	-	5
Depreciation of tangible fixed assets		
-leased assets	14	14
-owned assets	1,888	1,749
Amortisation of intangible assets	18	20
Cost of stock recognised as an expense	<u>817</u>	<u>831</u>

7. INTEREST EXPENDITURE

	2023 £'000	2022 £'000
Interest on bank loans and overdrafts	764	437
Other bank, interest and finance lease charges	35	43
Pension net interest expense (note 25)	<u>12</u>	<u>7</u>
	<u>811</u>	<u>487</u>

NOTES TO THE ACCOUNTS (continued)

8. TAXATION

	2023	2022
	£'000	£'000
Current tax:		
UK corporation tax on profits of period	-	-
Factors affecting tax charge for the period	-	-
<p>The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.</p>		
Profit on ordinary activities of Zoo Park (Twycross) Ltd	381	723
Tax at 25% on profit	95	137
Effect of distribution of profits to parent charity under gift aid	(95)	(137)
	<u> </u>	<u> </u>
Corporation Tax	<u> </u>	<u> </u>

Factors affecting tax charges in future years

Following on from the Budget in March 2021 the tax rate is to rise to 25% from 1 April 2023. There are no current planned changes to the tax rate at the time of signing. As the Company has no deferred tax balances there is not expected to be any impact of this change on the balance sheet.

NOTES TO THE ACCOUNTS (continued)**9. DIRECTORS AND EMPLOYEES**

DIRECTORS AND EMPLOYEES

Group staff costs:	2023 £'000	2022 £'000
Wages and salaries	3,798	3,297
Social security costs	321	273
Pension costs	154	129
	<u>4,273</u>	<u>3,699</u>

Higher paid employees

Salary Range	2023	2022
£200,000 - £210,000	-	1
£140,999 - £150,000	-	1
£100,000 - £109,000	-	-
£90,000 - £99,999	-	-
£80,000 - £89,999	2	-
£70,000 - £79,999	-	2
£60,000 - £69,999	2	2

2022 : Highest paid employee includes gross pay of £88k, plus payments for loss of office of £119k.

Pension and National Insurance Contributions of £56k (2022: £124k) were paid in respect of all higher paid employees, of which £20k (2022: £59k) relates to the highest paid employee.

Average monthly number of employees, based on headcount, including directors.

	2023 No.	2022 No.
Average monthly number of employees, based on head count including directors:-		
Education	9	5
Resources	23	21
Visitor services	65	56
Retail	29	31
Keepers	52	52
Vets	5	4
	<u>183</u>	<u>169</u>

NOTES TO THE ACCOUNTS (continued)**10. TRUSTEES**

Ordinarily all Trustees give their time freely, with the exception of out of pocket expenses which was the case in 2023. However, in 2022 D. Meek received £4,900 for services over and above his normal Trustee duties before progressing to an executive role and taking over as interim CEO. H. Mitchell also received £700 in 2022 for one off services over and above her normal Trustee duties). No further remuneration was paid to the Trustees, and none are accruing benefits under pension schemes.

During the year, three (2022: six) Trustees were reimbursed expenses of £685.85 (2022: £2,567), relating to travel and accommodation costs.

The key management personnel of the group comprise those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the charity. Remuneration for key management personnel, including pension and employer's national insurance contributions amounted to £361k (2022: £806k).

11. INTANGIBLE ASSETS	IT Software £'000	Total £'000
Cost		
1st January 2023	148	148
Additions	-	-
31st December 2023	<u>148</u>	<u>148</u>
Amortisation		
1st January 2023	118	118
Charge for the year	18	18
31st December 2023	<u>136</u>	<u>136</u>
Net Book Value		
31st December 2023	<u>12</u>	<u>12</u>
31st December 2022	<u>30</u>	<u>30</u>

Twycross Zoo - East Midland Zoological Society Limited

Co No: 1060956

Registered Charity No: 501841

Year ended 31 December 2023

NOTES TO THE ACCOUNTS (continued)

12. TANGIBLE FIXED ASSETS

Cost or valuation	Freehold							Assets Under Construction £'000	Total £'000
	Land & Buildings £'000	Tools, Plant & Equipment £'000	Furniture & Equipment £'000	Motor Vehicles £'000	IT Equipment £'000				
1st January 2023	33,109	880	3,124	24	889		451	38,477	
Additions	182	5	28	-	9		799	1,023	
31st December 2023	33,291	885	3,152	24	898		1,250	39,500	
Depreciation									
1st January 2023	1,292	690	1,130	24	615		-	3,751	
Charge for the year	1,477	42	240	-	143		-	1,902	
31st December 2023	2,769	732	1,370	24	758		-	5,653	
31st December 2023	30,522	153	1,782	-	140		1,250	33,847	
31st December 2022	31,817	190	1,994	-	274		451	34,726	

The net book value of tools, plant and equipment includes assets held under finance leases costing £153k (2022: £144k) which incurred depreciation during the year ended 31 December 2023 of £42k (2022: £14k). The zoo's land and buildings were revalued at adjusted depreciated replacement cost as at the 31 December 2021 by Charterfields Ltd who are registered under RICS. The net book value of the land and buildings prior to this revaluation was £25,665k, the revaluation was an upwards movement of £3,240k. Some assets previously capitalised as Land and Buildings are now being used as part of The Gruffalo Discovery Land. The revaluation was conducted in accordance with FRS102 guidance in order to reflect more accurately the value of Land and Buildings assets owned by Twycross Zoo. The net book value of freehold land and buildings includes £1,596k (2022: £1,624k) relating to the Tiger enclosure asset which incurred depreciation of £32k during the year ended 31 December 2023 (2022: £32k). Metro Bank Plc have a debenture against all assets of the business, which includes a first legal charge over the property at the zoo site. Wates Property Services Limited have a debenture specifically against the tiger enclosure asset for £886k (2022: £886k). The Metro Bank Plc debenture takes precedence over this.

NOTES TO THE ACCOUNTS (continued)

13. INVESTMENTS

COMPANY	2023 £'000	2022 £'000
Investment in Subsidiary Company	73	73

The company owns 9,600 £1 ordinary shares in Zoo Park (Twycross) Limited ("Zoo Park") (company number 709915) being the whole of the issued share capital of that company. Zoo Park (Twycross) Limited is incorporated in, and operates in, the United Kingdom, its registered office being the same as the parent company. Its principal activity is the provision of catering and leisure services.

Zoo Park's turnover for the year is £4,312k (2022: £4,398k) and its expenditure is £3,931k (2022: £3,675k).

The Trustees consider that the underlying value of its investment in the subsidiary company is not materially different to its cost of £73k.

The subsidiary company has a payable of £Nil (2022: £248k), under gift aid to the parent company.

The subsidiary company's retained profit for the financial year is £nil (2022: £nil) and its capital and reserves at 31 December 2023 are £527k (2022: £527k).

14. STOCKS

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Giftshop & Guides	235	318	-	-
Spares for Operations	-	4	-	4
	<u>235</u>	<u>322</u>	<u>-</u>	<u>4</u>

NOTES TO THE ACCOUNTS (continued)**15. DEBTORS**

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Amounts owed by subsidiary	-	-	359	663
Trade debtors	34	56	34	55
Other debtors	408	208	277	109
Prepayments & accrued income	240	251	236	251
	<u>682</u>	<u>515</u>	<u>906</u>	<u>1,078</u>

Included within other debtors are VAT receivables of £33k (2022: £99k).

16. CREDITORS: Amounts falling due in less than one year

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
CBIL loan	109	78	109	78
Bank loans	160	158	160	158
Finance leases	5	29	5	29
Trade creditors	524	303	475	298
Other taxation & social security	71	68	71	68
Accruals & deferred income	3,485	1,146	3,418	1,076
Capital creditor	129	126	129	126
	<u>4,483</u>	<u>1,908</u>	<u>4,367</u>	<u>1,833</u>

Included within tax and social security are pension contributions of £3k (2022: £1k). Included within accruals is deferred income relating to the sales of annual membership passes. The value of memberships included in income earned from charitable activities during the current year is £480k (2022: £640k) and the amount deferred is £133k (2022: £461K). Deferred income from annual ticket sales is £2,464k (2022: £Nil).

NOTES TO THE ACCOUNTS (continued)**17. CREDITORS: Amounts falling due in more than one year**

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
CBIL LOAN	4,114	4,221	4,114	4,221
Finance Lease Obligations	-	8	-	8
Bank Loans	5,218	5,378	5,218	5,378
Capital Creditor	631	760	631	760
	<u>9,963</u>	<u>10,367</u>	<u>9,963</u>	<u>10,367</u>

Bank loans relates to £5,700k borrowed from Metro bank in 2019 at a rate of 3% above the Bank of England base rate. The average rate of interest on this loan during the year was 7.54% (2022: 4.16%). In 2019 interest payments of £88k were suspended and added to the principal borrowed. Monthly capital repayments commenced in June 2022 with final payment due in 2039.

In March 2021 the company borrowed £4,300k from Metro Bank with capital repayment commencing in March 2023 at a rate of 3.50% above the Bank of England base rate. The interest on this loan was covered by a COVID Business Interruption Support Grant for the first 12 months. The amount of grant received in the year was £Nil (2022: £38k). The final payment will be made in 2027. The average rate of interest on this loan during the year was 8.04% (2022: 3.73%).

Capital creditors relate to the debenture against the tiger enclosure held by Wates Property Services Limited. This financing arrangement was entered into in July 2019, with the final payment due in June 2029. The average interest rate on capital creditors during the year was 3.0% (2022: 3.0%)

The Group breached one of their banking covenants in the first two quarters of 2023 which was notified to the bank. The bank reserve their rights under the existing agreements, however, given a challenging start to 2023 and the accounting implications of the new annual ticket the Group's banking partner has agreed to reset the profitability based covenant such that it is next tested at 30 September 2024, to allow for a full 12 months of earnings of the new ticket. The minimum cash covenant was increased to account for higher levels of Bank of England base rates and the Group committed to testing the cashflow based covenant on a quarterly basis to provide further comfort around cash control. The changes are a further demonstration of the banks continued support for the Group.

During the first quarter of 2024 the Group breached the minimum cash level covenant for a short period as a result of a specific working capital phasing challenge. The bank were notified in advance and the Group actively managed cash during the period. The bank waived their rights under the breach.

MATURITY OF LOANS & BORROWINGS AND CAPITAL CREDITORS

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Under one year	398	362	398	362
Between two and five years	5,475	5,515	5,475	5,515
Over five years	4,488	4,841	4,488	4,841
	<u>10,361</u>	<u>10,721</u>	<u>10,361</u>	<u>10,721</u>

NOTES TO THE ACCOUNTS (continued)**18. FUNDS**

ENDOWMENT FUND

	£'000
1 January 2023 and 31 December 2023	100

UNRESTRICTED FUNDS

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Designated Funds				
1 January	16,498	17,441	16,498	17,441
Transfer from Designated funds to Other Unrestricted Funds	(4,260)	(943)	(4,260)	(943)
31 December	<u>12,238</u>	<u>16,498</u>	<u>12,238</u>	<u>16,498</u>
Fixed Assets	10,871	15,131	10,871	15,131
Conservation Welfare	<u>1,367</u>	<u>1,367</u>	<u>1,367</u>	<u>1,367</u>
	<u>12,238</u>	<u>16,498</u>	<u>12,238</u>	<u>16,498</u>

The Conservation Welfare Fund is to provide grants to wildlife conservation and/or welfare projects.

During 2019, the Trustees implemented a policy to establish a designated fund relating to tangible fixed assets. Establishing this designated fund reflects the Group's net assets are largely attributed to capitalised tangible fixed assets, which do not provide free funds which are available for use. The policy requires that an amount which equates to approximately three months of unrestricted spending expenditure is maintained in free reserves and is not designated. The carrying value of tangible fixed assets at 31 December 2023 was £33,847k (2022: £34,716k), see note 12. A reconciliation between total funds and the significant components of net assets is provided in note 20. During 2023 £4,260k have been transferred to "Other Unrestricted Funds" from "Designated Funds" (2022: £1,292k transferred to "Other Unrestricted Funds" from "Designated Funds"), resulting in total "Other Unrestricted Funds" of £1,204k and £750k for the Group and Company respectively (2022: £1,204k and £750k).

NOTES TO THE ACCOUNTS (continued)

Note 18 (Continued)

Revaluation Reserve	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
1 January	4,687	5,034	4,687	5,034
Revaluation during the year	-	-	-	-
Annual Transfer from Revaluation Reserve to Other Unrestricted Funds	(347)	(347)	(347)	(347)
31 December	<u>4,340</u>	<u>4,687</u>	<u>4,340</u>	<u>4,687</u>

Other Unrestricted Funds

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
1 January	1,204	1,204	750	750
Net surplus for the year	(4,599)	(1,436)	(4,599)	(1,436)
Actuarial Gain on revaluation of pension liability	(8)	146	(8)	146
Transfer from Revaluation Reserve	347	347	347	347
Transfer from Designated Funds - Fixed Assets	4,260	943	4,260	943
31 December	<u>1,204</u>	<u>1,204</u>	<u>750</u>	<u>750</u>
Total unrestricted funds	<u>17,782</u>	<u>22,389</u>	<u>17,328</u>	<u>21,935</u>

NOTES TO THE ACCOUNTS (continued)

Note 18 (Continued)

RESTRICTED FUNDS

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
1st January	3,038	2,726	3,038	2,726
Income in the year	537	411	537	411
Expended in the year	<u>(93)</u>	<u>(99)</u>	<u>(93)</u>	<u>(99)</u>
31st December	<u>3,482</u>	<u>3,038</u>	<u>3,482</u>	<u>3,038</u>

	1st January 2023 £'000	Income £'000	Expenditure £'000	31st December 2023 £'000
Himalaya	2,125	-	75	2,050
Changing Places Grant	49	-	2	47
LLEP SME Growth Fund	460	-	14	446
International Zoo Management Project	-	3	3	-
National Science and Conservation Centre (NSCC)	403	535	-	938
Other	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
	<u>3,038</u>	<u>538</u>	<u>94</u>	<u>3,482</u>

NOTES TO THE ACCOUNTS (continued)

Note 18 (Continued)

Himalaya

Twycross Zoo was awarded a grant of £3,000k by the East Midlands Development Agency towards the construction of a new visitor welcome centre. 'Himalaya' is a landmark project for the East Midlands region. The value of the building is held in Fixed Assets and the fund is amortised over the buildings estimated useful life.

Changing Places Grant Fund

The Changing Places Grant Fund was provided to fund some specific capital expenditure incurred during 2018 and is being amortised over its useful life.

LLEP SME Growth Fund

The Zoo Development Fund represents amounts received from Leicester and Leicestershire Enterprise Partnership to support the Trustees' master plan to develop the zoo infrastructure, The funds were expended on fixed assets during the 2015 financial year. The fund is amortised over the estimated useful life of the assets.

International Zoo Management Project

This is an Erasmus+ funded programme dedicated to the development of higher-level training in international zoo management. The project brings together the zoo with the higher education sector to develop a structured training programme that blends the applied/experiential-based knowledge of the zoo sector with the rigour of Higher Education-based pedagogy and research. The outcome will be a defined training curriculum incorporating three specific training modules that target International zoo welfare and management, International management of zoo-based conservation, and ethical and legal issues with international zoo management.

National Science and Conservation Centre

Following a successful bid for government levelling up funding, Twycross Zoo has secured funds for the National Science and Conservation Centre, which is due for completion in 2025. Design and planning work is now underway for which £403k of funds were received within the year.

19. RECONCILIATION OF FUNDS

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
(Deficit) for the year	(4,155)	(1,124)	(4,155)	(1,124)
Actuarial gains on revaluation of pension liability	(8)	146	(8)	146
Gains on revaluation of fixed assets	-	-	-	-
Opening funds	<u>25,527</u>	<u>26,505</u>	<u>25,073</u>	<u>26,051</u>
Closing funds	<u>21,364</u>	<u>25,527</u>	<u>20,909</u>	<u>25,073</u>

NOTES TO THE ACCOUNTS (continued)

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £'000	Restricted funds £'000	Endowment fund £'000	Total £'000
Intangible fixed assets (note 11)	12	-	-	12
Tangible fixed assets (note 12)	30,266	3,482	100	33,848
Cash at bank and in hand	1,306	-	-	1,306
Other net current assets/(liabilities)	(3,566)	-	-	(3,566)
Long term liabilities (note 17)	(10,236)	-	-	(10,236)
	<u>17,782</u>	<u>3,482</u>	<u>100</u>	<u>21,364</u>

2022	Unrestricted Funds £'000	Restricted funds £'000	Endowment fund £'000	Total £'000
Intangible fixed assets (note 11)	30	-	-	30
Tangible fixed assets (note 12)	31,588	3,038	100	34,726
Cash at bank and in hand	2,462	-	-	2,462
Other net current assets/(liabilities)	(1,071)	-	-	(1,071)
Long term liabilities (note 17)	(10,620)	-	-	(10,620)
	<u>22,389</u>	<u>3,038</u>	<u>100</u>	<u>25,527</u>

NOTES TO THE ACCOUNTS (continued)**21. GUARANTEES AND OTHER FINANCIAL COMMITMENTS**

Operating lease obligations are shown below.

	2023 £'000	2022 £'000
Under 1 year	74	82
Between 1-5 years	32	109

There were no other guarantees or financial commitments at 31 December 2023 (2022: £nil).

22. CASHFLOW

RECONCILIATION OF NET INCOME TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2023 £'000	2022 £'000
Net (outgoing) resources	(4,155)	(1,124)
Depreciation & amortisation	1,920	1,783
Amortisation of loan arrangement fees	12	12
Interest expense	812	487
Movement in stocks	88	(187)
Movement in debtors	(167)	(198)
Movement in creditors	2,543	82
	1,053	855

22 (b) Analysis of movement in net debt

	1 January 2023 £'000	Cash Flows £'000	Interest and finance Charges £'000	31 December 2023 £'000
Cash and cash equivalents	2,462	(1,156)	-	1,306
Loans	(9,836)	999	(764)	(9,601)
Finance leases	(37)	35	(3)	(5)
Capital creditors	(886)	150	(24)	(760)
Net Debt	(8,297)	28	(791)	(9,060)

NOTES TO THE ACCOUNTS (continued)

23. RELATED PARTY TRANSACTIONS

The Charity owns the whole of the issued share capital of Zoo Park (Twycross) Limited ("Zoo Park")

Transactions with Zoo Park were as follows:

	2023 £'000	2022 £'000
Zoo Park profit gift aided to parent	381	723
Intercompany rent and other recharges	491	527
Intercompany Purchases from Zoo Park	-	(12)

As at 31 December 2023 Zoo Park (Twycross) Limited owed the parent company £358k (2022: £663k).

24. CONTINGENCIES

There are no contingent liabilities at the 31 December 2023 (2022: £ nil).

NOTES TO THE ACCOUNTS (continued)**25. PENSION LIABILITIES**

The Company has put arrangements in place via an Employer Financed Retirement Benefits Scheme (EFRBS) for an ex-employee with a pension entitlement contained within their employment contract. The Company's obligations under this EFRBS will not be funded, however they will constitute liabilities of the Company payable when due and therefore are disclosed in the Company's accounts.

Principal actuarial assumptions at the balance sheet date

	Year to 31 December	
	2023	2022
Discount rate	4.50%	4.80%
RPI price inflation	n/a	n/a
CPI price inflation	n/a	n/a
Mortality (pre and post-retirement)	S3PXA light table with future improvements in line with the CMI 2021 projection model were used with a long term trend rate (LTTR) of 1.5% pa (2022: 2021 projection model, with LTTR of 1.5%)	
The amounts recognised in the statement of financial position	£'000	£'000
EFRBS unfunded Liability	273	253
The amounts recognised in the statement of financial activities	£'000	£'000
Net Interest Cost	12	7
The amounts recognised in the statement of other comprehensive income	£'000	£'000
Actuarial gain/(loss) on EFRBS Unfunded Liability	(8)	146
Sensitivity analysis	Increase in Liability	
	2023	2022
	£'000	£'000
Discount rate decreased by 0.1%	4	4
Life expectancy increased by one year	6	5

The above sensitivity analysis is based on isolated changes in each assumption whilst holding all other assumptions constant. In practice, that is unlikely to occur and there is likely to be some level of correlation between the movements in different assumptions.

For the year ended 31 December 2023, the total amount of actuarial re-measurement gain recorded in Other Recognised Gains/(Losses) (other comprehensive income) was (£8)k (2022: £146k). The net interest expense recognised in Total Expenditure was £12k (2022: £7k).