

Living Coasts

Annual Report

Year Ended 31 October 2017

Living Coasts

Company Information

Year Ended 31 October 2017

Incorporated in England on	18 December 2002
Company Registration No.	04620880
Registered Charity No.	1099076
Governing Document	Memorandum & Articles of Association
Directors	P R F Chanin MA, PhD (Chairman) R W J Ford (Vice Chairman) S Barr BA A C J Cooper BSc H T Elliot BA (Hons), FRZSS (Resigned 27 January 2017) S J Greinig BA R Hill BA (Hons), ACA S E Kings B K McLaughlin J P Ravenscroft R A Rowe M S Salmon (Appointed 30 March 2017) P M C Stevens
Executive Director	S J Tonge BSc
Secretary	C J Pyne
Principal Office	Harbourside, Beacon Hill Torquay, Devon
Registered Office	Totnes Road, Paignton, Devon
Bankers	Lloyds Bank plc, Paignton, Devon
Solicitors	Wollen Michelmore LLP, Newton Abbot, Devon Cripps Harries Hall, Tunbridge Wells, Kent Foot Anstey LLP, Exeter, Devon
Auditors	PKF Francis Clark, Torquay, Devon
Pension Advisors	Arthur J Gallagher, Temple Way, Bristol
Insurance Advisors	Arthur J Gallagher, Exeter

Living Coasts

Annual Report

Year Ended 31 October 2017

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Living Coasts

Trustees' Report

Year Ended 31 October 2017

The Trustees submit their report and the audited financial statements for Living Coasts for the year ended 31 October 2017. The financial statements comply with the Charities Act 2011 and Companies Act 2006, the Memorandum and Articles of Association and have been prepared in accordance with the requirements of the Statement of Recommended Practice on accounting and reporting for charities (FRS 102) effective 1st January 2015.

Living Coasts operates the Living Coasts site at Beacon Quay, Torquay under licence from South West Environmental Parks Limited.

Strategic Report

Strategic Aims & Objectives

Vision

A world rich in wildlife and wild places.

Mission

Living Coasts is an education, scientific and conservation charity dedicated to protecting our global wildlife heritage and inspiring in people a respect for animals, plants and the environment.

Strategic Aims

In order to achieve its mission the Charity has set out four main Strategic aims in its Strategic Plan for 2013-2020:

1. **Education and engagement** of the public on the conservation of the natural world.
 - To enable all audiences to understand why biodiversity matters
 - To improve visitor understanding of the role of zoos in conservation
 - To motivate and empower the public to take action to conserve biodiversity

2. ***In situ*** conservation of species and habitats.
 - To operate field conservation projects in the UK and overseas
 - To support field conservation projects operated by other appropriate organisations
 - To ensure all field projects are fully integrated with ex situ activities of the WWCT zoos including collection planning, exhibit design, education, retail and marketing
 - To set aside a proportion of annual income exclusively for operating or supporting field conservation projects in line with WZACS recommendations

3. ***Ex situ*** conservation of threatened species.
 - To increase the conservation value, impact, and relevance of the Living Collection
 - To increase the linkages between in situ conservation and the Living Collection
 - To carry out appropriate research on the Living Collection leading to conservation benefits

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Trustees' Report (continued)

Year Ended 31 October 2017

4. **Conservation advocacy:** shaping behaviour-change for the benefit of biodiversity.
- To be a credible voice in advocacy for biodiversity conservation
 - To influence policy change at local, national and international levels
 - To promote ethical practice in all areas of our work
 - To empower staff to become advocates for conservation
 - To use the living collections to promote the history and current work of the Trust

Public Benefit

In setting objectives and planning activities for the year the trustees have given careful consideration to ensuring that the charity's activities are to the public benefit, and they have had regard to the Charity Commission's guidance on public benefit. Accordingly, the activities at Living Coasts during the last year were for the public benefit and were in accordance with the objects of the charity. They are:

- To advance scientific knowledge of plants, animals and the natural world.
- To advance the education of students and the public on the conservation of the physical and natural world and the promotion of biodiversity.
- To promote the conservation of the physical and natural environment and the maintenance of biological diversity.

In fulfilling its objectives, the charity is dedicated to conserving our global wildlife heritage and inspiring in its many visitors a life-long respect for animals and the environment. The charity achieves this by:

- Keeping and breeding animals and propagating plants that are under threat or no longer exist in the wild.
- Offering all visitors an exciting and informative wildlife experience.
- Providing a resource for educational purposes, both within and outside the zoos.
- Contributing to conservation of wildlife and the natural environment both within the zoos and beyond.
- Promoting sustainability of local and global communities and their environment and managing the zoos to a plan to support these ideals.

Living Coasts

Trustees' Report (continued)

Year Ended 31 October 2017

Achievements and Performance in 2017

Key Performance indicators 2016-17

	2015/16 Actual	2016/17 Target	2016/17 Actual	Variance to previous year	Variance to target
Total Visitors	137,210	127,501	135,769	-1.1%	6.5%
Paying Visitors	81,685	80,126	79,277	-2.9%	-1.1%
Education Sessions	6,879	6,000	6,385	-7.2%	6.4%
Admissions income	£652,993	£657,096	£625,573	-4.2%	-4.8%
Gift Aid %	42.80%	43%	44.3%	3.5%	3.0%
Trading profit before donation to Living Coasts	£30,631	£47,749	-£3,560	-111.6%	-107.5%

In situ Conservation

In order to achieve its charitable objectives, the charity planned to

- To support the protection of coastal habitats and birds in South Africa through collaboration with SANCCOB and Project Penguin
- To continue the in situ project at SANCCOB for the bank cormorants
- Working with local partners to support marine conservation locally and in the UK - specifically to be involved in a sea grass project in Lyme Bay with direct input to the Torbay sea grass surveys and interpretation

Living Coasts had planned to support for a third year an in situ project in South Africa – in collaboration with SANCCOB. This project is taking a different direction due to the discussion around an action plan for this species as part of a multidisciplinary approach in South Africa. We have therefore decided that we will investigate alternative projects that we might wish to support in future.

The CSI seagrass project ran into its third and final year much supported by Living Coasts as one of the partners. The project was promoted at Living Coasts through an interactive display, school workshops and events for the visitors such as ROV activities on the terrace. The Living Coasts site is also used for volunteer training and workshops to enable the sea grass dive surveys to be successful. Living Coasts' staff alongside the CSI project officer took part in the first year of sea grass propagation research – which was successful and will continue next year.

Conservation Advocacy

Our program of “Talks on the Wildside” to staff continued and these have again helped us to deliver the strategic goal of empowering all staff to become advocates for the organisation and for conservation. These are now also being organised by HR in order to provide a coherent programme of staff training about the vision and mission of the organisation and how these are being achieved.

Living Coasts has delivered advocacy messages for the palm oil policy and the site, alongside the others, has stopped selling single use plastic bottles.

The education team follow a conservation advocacy plan as agreed by the advocacy Officer.

Living Coasts participates in the advocacy group, which works on policies and implementation of policies.

Living Coasts

Trustees' Report (continued)

Year Ended 31 October 2017

Living Coasts has been instrumental in setting up Torbay Cleaner Coasts Initiative – which advocates for

- Removing marine litter from the sea and coastline.
- Raising awareness, supporting and promoting engagement within local marine & coastal user communities to reduce marine litter.
- Promoting environmentally friendly & sustainable practices, including disposal and recycling alternatives, through community information and education opportunities.

Ex Situ Conservation

In 2016/17, the charity took part in breeding programmes for the African Penguin, Inca tern, blue spotted and ribbon tail rays, four eyed fish and Macaroni Penguins to ensure self-sustaining populations within EAZA and maintained in house populations where possible.

In order to achieve its charitable objectives the charity planned to make the animal and plant collections available for scientific research by our own staff, those of the closely linked charity WWCT and university students and staff. To continue to maximize the scientific use of the collection by carrying out a programme of high quality, ex situ, non-invasive research relevant to the husbandry of the animals in the collection and the conservation of coastal wildlife in general.

Working with our closely linked charity (Whitley Wildlife Conservation Trust) and university partners, staff made use of the animal collection and animal records for 7 research projects.

Education and Engagement

A classroom has been added to the Living Coasts site. This will enable us to deliver educational content in a classroom setting which is something that schools have been asking for. The intention is that this will lead to an increase in the use of the site by school groups.

Works on the skimmer and addition of holding tanks for the water intake systems were completed as planned to improve the health & welfare of the animals. Improvements were made to penguin beach, which will continue next year by adding waterfalls for enrichment to improve enclosure upkeep and to facilitate the introduction of new species where appropriate.

We will continue to make the animal and plant collections available for scientific research by our own staff, those of the closely linked charity WWCT and university students and staff. We will continue to maximize the scientific use of the collection by carrying out a programme of high quality, ex situ, non-invasive research relevant to the husbandry of the animals in the collection and the conservation of coastal wildlife in general.

In order to achieve its charitable objectives the charity planned to sustain its levels of education work and seek to grow the number of students taught during the financial year.

The charity's educational department provided formal and informal teaching to 6,385 students, which was a slight decrease on the previous year. Scientific and practical training was also provided to 4 BSc placement students.

In order to achieve its charitable objectives the charity planned to attract 127,501 visitors.

The charity had 135,769 visits during the year. This was a 1 % decrease on the previous year which reflects lower visitation over the summer related to the wider economic situation. While the visits are opportunities for the general public to enjoy a day out in interesting surroundings, the charity aims to communicate important and serious messages regarding conservation of endangered species and the destruction of their natural environments. Exit surveys continue to indicate that it was successful in achieving this aim and in addition the majority of the public who visit enjoy the experience.

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Trustees' Report (continued)

Year Ended 31 October 2017

Living Coasts had a successful year for breeding African penguins, Avocets, Inca terns, four eyed fish and two species of blue spotted rays. The success of breeding and sending these animals to other collections helps in the overall success of these species in Zoos in the UK and Europe.

A new member of staff joined as a bird keeper bringing seven years' experience and new ideas to the team; in addition, a new member of staff with a breadth of experience has joined the keeping team part time and in addition carries out the registrar role to bring her role up to a full time position.

Changes were made to the animal care building quarantine and aquarium quarantine providing better facilities. The aquarium quarantine works will continue. Improvements were made in air handling and temperature control on the site.

The removal of sand from the tanks and the routine skimmer maintenance was completed as planned and a review of service and maintenance was made for the following year's works. It is evident that spending on improvements and updating of the plant at Living Coasts will be a key financial factor for the next few years. Changes to the plant and systems need to link in with any future developments.

Living Coasts also supports scientific research on site – links with animal husbandry and enrichment and the sea grass project have been a focus this year.

The Charity is fortunate to have a number of volunteers that assist it in its work in a wide range of activities. In 2017 there were 41 volunteers actively involved on the Living Coasts site. Without the dedication, skill and enthusiasm of the volunteers and staff much of what has been achieved would not have been possible and the Trustees are grateful for their continued support and dedication.

Financial Review

Total visitation to Living Coasts fell by 1% in 2016/17; however, the number of paying visitors fell by 2.9%, the difference being accounted for by an increase in visits by Annual Pass holders.

The charity recorded a surplus for 2016/17 of £48,466 although this included a net donation from the parent charity, South West Environmental Parks Limited, of £220,000. If this is discounted the loss for the year was £171,534 compared to the loss of £10,234 (after deduction of SWEPL donation) in 2015/16.

In 2016/17 the charity changed its accounting policy so that the donation from the trading company is recognised in the accounts for the period in which the donation is made rather than the trading period in which the profit was generated. Due to the nature of the trading cycle this donation now falls into the following year so the above figures do not reflect the 2016/17 trading performance of the retail and catering operations but rather the 2015/16 profits which were donated to Living Coasts in 2016/17.

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Trustees' Report (continued)

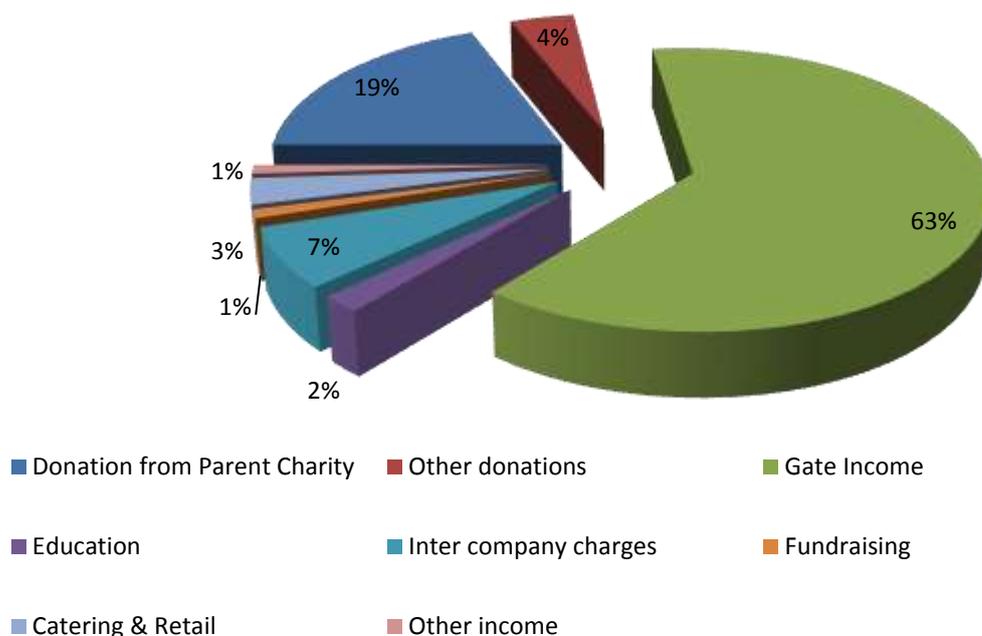
Year Ended 31 October 2017

Incoming Resources

The bulk of the charity's income comes from gate receipts and with fewer paying visitors, income was 3.8% lower than in 2015/16 at £729,696. The fall in visitor numbers reflects a trend seen in zoos nationally and is attributed to underlying economic conditions combined with the uncertainty over Britain's withdrawal from the European Union and the general election held in June 2017.

The charity's trading partner and fellow subsidiary company (South West Zoo Enterprises Limited), which provides retail and catering facilities at Living Coasts was again able to make a donation to Living Coasts of £30,631, which related to the 2015/16 trading period. Unfortunately, the trading company did not perform as well at Living Coasts in 2016/17, making a loss before donations of £3,560. As a result SWZEL will be unable to make a donation to Living Coasts in 2017/18.

The breakdown of the income in 2016/7 is shown in the following chart.



Living Coasts

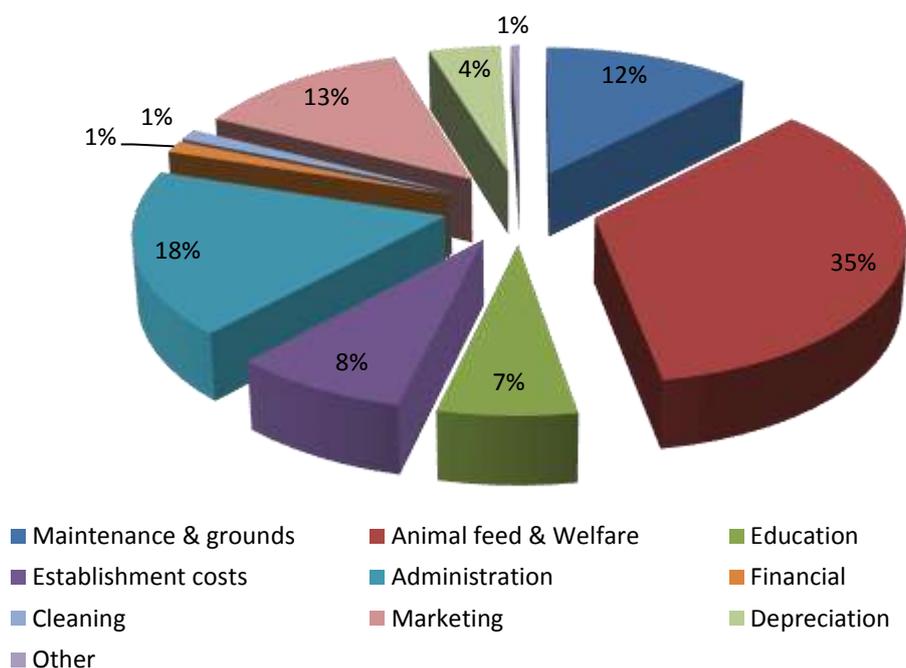
Trustees' Report (continued)

Year Ended 31 October 2017

Resources expended

In 2016/17 we spent £1,097,210 excluding capital expenditure and donation to SWEPL, with just under half of this being spent on the animal collection and maintenance of the site. Wage costs represent the biggest single cost to the charity and in 2017 the average headcount was 28 staff accounting for 42% of the total expenditure.

A breakdown of expenditure in 2016/17 is shown in the following chart



Capital Expenditure

We continue to invest in the site and in 2016/17 incurred £119,130 of capital expenditure. £53,900 of this was spent as part of our ongoing net replacement program, £47,488 was spent on upgrading the decking and facilities in the 'Jetty' area, including replacing the catering outlet and a further £7,081 was spent creating a classroom.

Reserves

It is the general policy of South West Environmental Parks Ltd (SWEPL) and its subsidiary charity, Living Coasts to apply towards their charitable objectives as much cash as it reasonably can, to avoid accumulating excessive reserves.

In setting its reserves policy the Charity takes account of its continuing financial commitments in terms of staffing and overheads including the costs of maintaining the animal and plant collections and funding its charitable activities. The Charity also considers the risk that its income for any particular year may be impacted by a number of factors outside of its control such as periods of prolonged wet weather at peak visitor times, varying levels of economic prosperity and employment, alongside the potential for closure of the zoo to visitors due to the outbreak of contagious disease.

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Trustees' Report (continued)

Year Ended 31 October 2017

Having considered these factors, SWEPL maintains minimum available cash reserves of £1m at all times. Such reserves would be sufficient for the SWEPL and Living Coasts to operate without significant curtailment of their activities for a period of up to one month. Similarly the Charity considers that unrestricted reserves at the end of any financial year not exceeding 100% of the total resources expended during the year could properly be regarded as both reasonable and justified. It is the policy of the Charity not to hold reserves in Living Coasts other than those funds required for cashflow requirements.

Restricted Funds

Restricted income funds derive from donations, grants and legacies received and are put towards a variety of capital projects and outreach activities. At 31st October 2017 Living Coasts had no restricted funds.

Unrestricted income funds may be tied up in fixed assets or freely available for the Charity's general charitable purpose.

At 31 October 2017, the Charity had total funds employed of £240,383. None were restricted however, with fixed assets of £251,622 it was considered that the company had no free reserves.

Plans for Future Periods

In 2017/18 we will be

- Implementing a painting schedule for the site to boost the general ambience – especially in the underwater viewing areas and the shop.
- Undertaking a dive inspection to look at the internal tank structures for future planning.
- Replacing the final section of net, meaning we will have completely replaced the whole net. Recommendations for future years are to tighten the cables to improve the net structure.
- Refurbishing the front entrance with new flooring and roller shutters
- Making changes to Auk Cliff to make it suitable for Little Penguins which we hope to introduce in future as a new exhibit.
- Creating an interactive element to the visitor experience.

We will continue to make the animal and plant collections available for scientific research by our own staff, those of the closely linked charity WWCT and university students and staff. We will continue to maximize the scientific use of the collection by carrying out a programme of high quality, ex situ, non-invasive research relevant to the husbandry of the animals in the collection and the conservation of coastal wildlife in general.

Principal Risks and Uncertainties

The major risks, to which the charity is exposed, as identified by the trustees, have been reviewed and systems and procedures have been established to manage those risks. Further details of these systems and procedures are given below.

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Trustees' Report (continued)

Year Ended 31 October 2017

Risk Management

The trustees have in place ongoing measures to assess business risks and implement risk management strategies. These involve identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence and identifying means of mitigating the risks. Principal risks are identified, assessed and monitored by:

- A Risk Analysis & Mitigation plan.
- Regular meetings of the Risk Management and Audit Sub Committee and discussion at full board management meetings of identified risk and associated management strategies.
- Internal financial controls that meet with guidelines issued by the Charity Commission.
- An annual Business Plan showing anticipated numbers of visitors, marketing strategy, maintenance and development of the charity's assets.
- An annual Revenue Budget showing intended income, expenditure and surplus.
- An annual list of intended capital, revenue and other funded additions to the charity's assets.
- A departmental assessment of risks to employees and the public.
- Annual review to ensure adequate insurance cover.
- A Business Continuity Management System, which aims to ensure that the charity can continue to deliver a minimum level of service in the event of any disruption.

The Trustees maintain a register of risks which could possibly impact on the Group, including Living Coasts, which is regularly reviewed and updated. The Risk Management & Audit Sub Committee conducts a formal review of the register and the principal risks identified on a six monthly basis and subsequently reports its findings and recommendations to the full Board of Trustees.

At the last review in February 2018, the register identified 47 main risks and the control measures that the organisation has in place to manage them. With the control measures that are in place the organisation does not consider that any of the risks represent a significant threat to the organisation although the long term impact of climate change remains the primary risk to future viability of operations.

The top five risks identified are as follows.

1. Impact of climate change, particularly at Living Coasts where sea level rises and increased storms may threaten the fabric of the site.
2. Rising Energy Costs putting pressure on budgets and our ability to maintain exhibits with high energy consumption, which particularly impacts on Living Coasts with its extensive plant and filtration systems.
3. Adverse weather events impacting on visitor numbers as happened in April-July 2012 and winter 2013.
4. Economic conditions affecting visitor numbers. As demonstrated in the recession following the banking crisis in 2008 visitor numbers to attractions can be impacted heavily by a downturn in the economy.
5. Loss of life or serious injury to a member of staff, volunteer or guest.

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Trustees' Report (continued)

Year Ended 31 October 2017

The Principal Uncertainties facing the organisation at present are

1. The impact of Brexit. This poses two main causes of uncertainty:-
 - a. The potential for legislative changes. Of particular concern are the possibility of changes that would weaken protections or anything that would make the movement of animals in and out of the country more difficult.
 - b. The impact of a weak sterling on some of our overseas conservation projects together with the rising costs of imports that this causes.
2. The impact of a rising National Living Wage and the difficulties in planning for this given the uncertainty over the size of the annual increases.

While there is a requirement for continual review and assessment, the trustees consider that the procedures that are in place for risk identification and management are adequate and that actions have been taken to keep risks to an acceptable level.

Key Staff & Remuneration

The Trustees consider that the Board of Trustees, who are the Charity's directors, the Executive Director Mr S Tonge and the remainder of the Senior Management Team comprise the key management personnel of the SWEPL group of which the Charity is part. All Trustees give of their time freely and no Trustee received remuneration in the year.

The Senior Management Team comprises:

Executive Director	Mr S Tonge
Director of Finance & HR	Mr C Pyne
Director of Marketing & Development	Ms P Craddock
Director of Conservation & Education	Ms A Plowman
Director of Living Collections	Mr S Muir
Director of Guest Services	Ms H Warren

The Trustees determine and agree the overall policy for the remuneration and pension arrangements for all the charity's employees and oversee any major changes to employee benefits. The Charity operates an Equal Pay policy and operates a job evaluation system to ensure that remuneration is fair for all employees. The Charity aims to provide a reward package that is competitive within the sector it operates in although exceptions are permitted where there are justifiable reasons, usually in specific areas of the labour market where skilled workers are in short supply.

The Charity recognises that it should not and does not compete directly with the private sector in terms of remuneration but aspires to provide an overall reward package that is competitive enough to attract and retain high calibre staff who wish to be part of the Charity's work.

The Remuneration of the Senior Management Team is reviewed annually and they normally receive an inflationary increase in line with other employees. The remuneration of the Executive Director and the Director of Finance & HR is reviewed annually by the Trustees following a review of the previous year's performance in a separate process. Regular benchmarking is also undertaken against similar positions within the sector.

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Trustees' Report (continued)

Year Ended 31 October 2017

Structure, Governance and Management

The charity (Number 1099076) is a company limited by guarantee (Number 4620880) governed by its memorandum and articles of association. The charity is run by a board of trustees, who are also directors for the purposes of the Companies Act and who are named at the front of this report.

In accordance with the governing document, trustees are appointed to the Board by a majority vote of the existing trustees.

A skills audit of the existing Board is maintained with a target list of expertise and experience; it provides the criteria for future appointments. A recruitment procedure is in place to ensure that any nominees have the expertise and experience that will enhance and benefit the Board and its objectives. It has been used successfully.

Training of trustees is reviewed against individual training needs and a full introduction and induction to the charity is given to new trustees upon appointment.

The Board meets approximately ten times a year to review strategy and performance and a number of subcommittees meet on a regular basis to focus on specific areas. Whilst the trustees are responsible for strategy and policy issues, the day-to-day administration and management of the charity is delegated to an executive director, who reports regularly to the Board. In 2016/17, he was assisted by five directors who are responsible for the proper functioning of the zoo.

The charity is closely connected with The Whitley Wildlife Conservation Trust (charity number 306622) and South West Environmental Parks Limited (charity number 300923), charities that have similar objectives and the same Trustees. The site trading activities are undertaken by South West Zoo Enterprises Limited, a limited company (number 02494361) whose directors are the trustees of the charity.

By order of the Board

C J Pyne
Company Secretary
29 March 2018

Living Coasts

Statement of Trustees' Responsibilities

Year Ended 31 October 2017

The trustees (who are also directors of Living Coasts for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 charitable company and the profit or loss of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Living Coasts

Independent Auditors' Report to the Members of Living Coasts

Year Ended 31 October 2017

Opinion

We have audited the financial statements of Living Coasts for the year ended 31 October 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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Independent Auditors' Report to the Members of Living Coasts (continued)

Year Ended 31 October 2017

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report (incorporating the strategic report and the directors' 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 accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement (set out on page 12), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 these financial statements.

Living Coasts

Independent Auditors' Report to the Members of Living Coasts (continued)

Year Ended 31 October 2017

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.

MARTIN HOBBS BSc ACA (Senior Statutory Auditor)

PKF FRANCIS CLARK

Statutory Auditor

Sigma House

Oak View Close

Edginswell Park

Torquay

TQ2 7FF

9 April 2018

Living Coasts

Statement of Financial Activities (incorporating an Income and Expenditure Account)

Year Ended 31 October 2017

	Note	Total Unrestricted Funds 2017 £	Total Unrestricted Funds 2016 As restated £
Income from:			
Donations and legacies	3	322,216	194,004
Charitable activities	4	835,669	863,466
Other trading activities	5	12,148	12,204
Investment income	6	30,638	57,040
Other income	7	5	731
Total income		1,200,676	1,127,445
Expenditure on:			
Raising funds	8	1,880	1,672
Charitable activities	9	1,150,330	995,207
Other expenditure		-	800
Total expenditure		1,152,210	997,679
Net income and net movement in funds		48,466	129,766
Total funds brought forward		191,917	62,151
Total funds carried forward		240,383	191,917

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

All funds are derived from unrestricted sources in the current and comparative years.

The notes on pages 19 to 25 form part of these financial statements.

Living Coasts

Balance Sheet

31 October 2017

		2017	2016
	Note	£	As restated £
Fixed assets			
Tangible assets	13	251,622	179,054
Current assets			
Stocks	14	10,019	8,371
Debtors	15	87,787	42,249
Cash at bank and in hand		50,814	55,758
		<u>148,620</u>	<u>106,378</u>
Liabilities			
Creditors falling due within one year	16	(159,859)	(93,515)
Net current (liabilities)/assets		<u>(11,239)</u>	<u>12,863</u>
Net assets		<u>240,383</u>	<u>191,917</u>
Capital, reserves and funds			
General unrestricted funds		<u>240,383</u>	<u>191,917</u>
Total charity funds		<u>240,383</u>	<u>191,917</u>

These financial statements were approved by the trustees and authorised for issue on 29 March 2018 and are signed on their behalf by:

P R F Chanin
Director

R W J Ford
Director

Company Registration Number: 04620880

The notes on pages 19 to 25 form part of these financial statements.

Living Coasts

Statement of Cash Flows

Year Ended 31 October 2017

	Note	2017 £	2016 £
Net cash generated from operating activities	19	<u>114,894</u>	<u>129,929</u>
Interest income		7	10
Purchase of tangible fixed assets		<u>(119,130)</u>	<u>(102,733)</u>
Cash used in investing activities		<u>(119,123)</u>	<u>(102,723)</u>
Interest paid		<u>(715)</u>	<u>(664)</u>
Cash used in financing activities		<u>(715)</u>	<u>(664)</u>
(Decrease)/increase in cash in the year		(4,944)	26,542
Cash at the beginning of the year		<u>55,758</u>	<u>29,216</u>
Cash at the end of the year		<u><u>50,814</u></u>	<u><u>55,758</u></u>

The notes on pages 19 to 25 form part of these financial statements.

Living Coasts

Notes to the Financial Statements

Year Ended 31 October 2017

1 Accounting policies

Basis of preparation of financial statements and assessment of going concern

The financial statements have been prepared under the historical cost convention and are in accordance with 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 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Companies Act 2006.

Living Coasts meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The functional and presentational currency of these financial statements is sterling.

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The principal accounting policies adopted, judgements made and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) **Tangible fixed assets and depreciation**

All tangible fixed assets are initially recorded at cost, and are depreciated by equal annual instalments over their estimated useful lives of five to ten years.

b) **Heritage assets - animals**

Animals are generally acquired from other zoological organisations without charge, and they are incapable of being reliably valued. Accordingly, no value is attributed to the animals in these financial statements. There were no material purchases or sales of livestock during the year (2016 none).

Full details of the animals included in the zoos' collections are available in a separate annual report published by the charity.

c) **Stocks**

Stocks have been valued at the lower of cost and net realisable value.

d) **Income**

Income is recognised when the charity becomes entitled to the income, it is probable that the income will be received and the amount can be measured reliably.

Income from the Living Coasts Exhibit (note 4) represents income from admissions and the related gift aid, and it is recognised at the date of admission. The charity allows admission to Living Coasts in exchange for a donation of at least 10% more than the usual ticket price, as an alternative to the purchase of an admission ticket. Where visitors have decided to make this donation, the usual admission price is shown as income from charitable activities and the additional amount is shown as a donation. Where applicable, the gift aid recovered is allocated pro rata.

Education income (note 4) is recognised when the educational service is provided.

Living Coasts

Notes to the Financial Statements

Year Ended 31 October 2017

1 Accounting policies (continued)

e) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probably that settlement will be required and the amount of the obligation can be measured reliably.

Support costs represent the general operational and administrative costs of the charity which do not relate directly to individual operations.

f) Pension costs

The charity operates a grouped, personal, defined contribution pension scheme. The assets of the scheme are held separately from those of the charity and are independently administered. The amount charged in the SOFA represents the contributions payable to the scheme in respect of the year.

g) Financial instruments

The charity only has financial assets and 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.

Changes in accounting policy

Accounting for distribution under FRED 68

Following the issue of FRED 68 the charity has changed its accounting policy so that the donation from South West Zoo Enterprises Limited, its fellow subsidiary, is now recognised in the period in which the donation is made, rather than in the period in which the donation is agreed. The comparative figures for the year ended 31 October 2016 have been restated accordingly, leading to a decrease in funds as at 31 October 2016 of £30,631 and an increase in the surplus for the year then ended of £26,399.

2 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The charity is incorporated in Great Britain.

3 Income from donations and legacies

	2017	2016
	£	£
Donations from South West Environmental Parks Limited	275,000	140,000
Other donations	47,216	54,004
	<u>322,216</u>	<u>194,004</u>

As noted in the Trustees' Report the charity benefits notably from the involvement and enthusiastic contributions of volunteers. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

4 Income from charitable activities

	2017	2016
	£	£
Living Coasts exhibit	729,696	758,222
Education	21,481	22,828
Charges to South West Zoo Enterprises Limited	84,492	82,416
	<u>835,669</u>	<u>863,466</u>

Living Coasts

Notes to the Financial Statements

Year Ended 31 October 2017

5 Income from other trading activities

	2017	2016
	£	£
Fundraising	7,786	7,645
Adoptions	4,362	4,559
	<u>12,148</u>	<u>12,204</u>

Retail trading activities

The charity's retail trading activities are carried out by its fellow subsidiary, South West Zoo Enterprises Limited, which operates the gift shop, restaurant and all other commercial trading operations carried on at Living Coasts.

6 Investment income

	2017	2016
	£	As restated £
Donations from South West Zoo Enterprises Limited	30,631	57,030
Interest receivable	7	10
	<u>30,638</u>	<u>57,040</u>

7 Other income

	2017	2016
	£	£
Sundry income	5	731
	<u>5</u>	<u>731</u>

8 Expenditure on raising funds

	2017	2016
	£	£
Adoptions	1,880	1,672
	<u>1,880</u>	<u>1,672</u>

9 Expenditure on charitable activities

	Operation of the park £	Education £	Total 2017 £	Total 2016 £
Maintenance and grounds	135,541	-	135,541	102,424
Animal feed and welfare	383,034	-	383,034	327,680
Education department	-	70,558	70,558	70,782
Donation to South West Environmental Parks Ltd	55,000	-	55,000	-
Support costs (note 10)	482,381	23,816	506,197	494,321
	<u>1,055,956</u>	<u>94,374</u>	<u>1,150,330</u>	<u>995,207</u>

Living Coasts

Notes to the Financial Statements

Year Ended 31 October 2017

10 Support costs

	Operation of the park £	Education £	Total 2017 £	Total 2016 £
Establishment costs	85,302	4,210	89,512	97,494
Administration costs	189,226	9,338	198,564	200,234
Financial costs	13,531	668	14,199	12,874
Cleaning	12,694	626	13,320	10,736
Marketing	133,931	6,609	140,540	131,174
Depreciation	44,372	2,190	46,562	38,309
Governance - auditors' fees	3,325	175	3,500	3,500
	<u>482,381</u>	<u>23,816</u>	<u>506,197</u>	<u>494,321</u>

Support costs are allocated within charitable activities on the basis of visitor number.

11 Net income for the year

	2017 £	2016 £
This is stated after charging:		
Auditors' remuneration		
- audit of the financial statements	2,400	2,300
Operating lease rentals	5,000	5,000
Depreciation of tangible fixed assets	46,562	38,309
	<u>53,962</u>	<u>45,609</u>

12 Staff costs, trustee remuneration and expenses, and the remuneration of key management personnel

	2017 £	2016 £
Wages and salaries	412,342	393,455
Social security costs	26,748	22,775
Pension costs	22,050	19,863
	<u>461,140</u>	<u>436,093</u>

No employees had remuneration in excess of £60,000 (2016: None).

The charity's trustees were not paid and did not receive any other benefits or expenses from the charity in the current or the previous year.

Key management personnel remuneration is borne by the parent charities in respect of services to the group. Full details can be found in the parent charities' accounts.

The group of which Living Coasts is a part is managed on a unified basis. The key management personnel of the group are remunerated by The Whitley Wildlife Conservation Trust in respect of their services to the group as a whole.

Living Coasts

Notes to the Financial Statements

Year Ended 31 October 2017

12 Staff costs, trustee remuneration and expenses, and the remuneration of key management personnel (continued)

Staff costs are allocated to the charity's activities as follows:

	Direct Costs £	Support Costs £	Total 2017 £	Total 2016 £
Charitable activities:				
Operation of the park	246,090	143,616	389,706	367,705
Education	64,347	7,087	71,434	68,388
	<u>310,437</u>	<u>150,703</u>	<u>461,140</u>	<u>436,093</u>

The average monthly head count was 28 staff (2016: 25). The average monthly number of full-time equivalent employees analysed by activity were as follows:

	2017 Number	2016 Number
Operation of the park	17	17
Education	4	3
	<u>21</u>	<u>20</u>

13 Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
At 1 November 2016	450,704
Additions	119,130
At 31 October 2017	<u>569,834</u>
Depreciation	
At 1 November 2016	271,650
Charge for year	46,562
At 31 October 2017	<u>318,212</u>
Net book value	
At 31 October 2017	<u>251,622</u>
At 31 October 2016	<u>179,054</u>

Living Coasts

Notes to the Financial Statements

Year Ended 31 October 2017

14 Stocks

	2017 £	2016 £
Consumables	10,019	8,371

15 Debtors

	2017 £	2016 As restated £
Trade debtors	2,260	1,917
Other debtors and prepayments	85,527	40,332
	<u>87,787</u>	<u>42,249</u>

16 Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	107,852	29,015
Other taxation and social security	31,677	45,872
Other creditors	20,330	18,628
	<u>159,859</u>	<u>93,515</u>

17 Obligations under leases

There were no commitments under operating leases at 31 October 2017 (2016: £Nil).

18 Parent undertakings and controlling parties

The charity is a wholly owned subsidiary of South West Environmental Parks Limited (charity number 300923 and company number 792877), which controls the charity by virtue of the dominant influence over the charity exercised by its trustees. The objects of South West Environmental Parks Limited are the advancement of scientific knowledge, education and the promotion of conservation. Its principal activities are the operation of Paignton and Newquay Zoos.

The charity's ultimate parent undertaking and controlling party is The Whitley Wildlife Conservation Trust (charity number 306622). The objects of The Whitley Wildlife Conservation Trust are the advancement of scientific knowledge, education and the promotion of conservation. Its principal activities are the provision of grants to a range of conservation projects, the management of nature reserves for the benefit of wildlife and the public and supporting the scientific, conservation and education work of the other charities within the group.

Group accounts for both of these charities are available from their principal place of business, Paignton Zoo, Totnes Road, Paignton TQ4 7EU.

The charity has taken advantage of the exemption under the Charities SORP (FRS 102) from disclosing transactions with other members of the group wholly owned by The Whitley Wildlife Conservation Trust.

Living Coasts

Notes to the Financial Statements

Year Ended 31 October 2017

19 Reconciliation of net income to net cash generated from operating activities

	2017	2016
	£	As restated £
Net income for the year	48,466	129,766
Depreciation charges	46,562	38,309
Interest payable	715	664
Interest received	(7)	(10)
(Increase) in stock	(1,648)	(1,019)
(Increase)/decrease in operating debtors	(45,538)	1,947
Increase/(decrease) in operating creditors	66,344	(39,728)
	<hr/>	<hr/>
Cash flow from operating activities	114,894	129,929
	<hr/> <hr/>	<hr/> <hr/>