

Zetland Educational Trust Schemes 1961 to 1965

Trustees' Annual Report and Financial Statements **2019**



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ZETLAND EDUCATIONAL TRUST
TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The trustees present their Annual Report together with the financial statements for the year ended 31 March 2019.

Administration Information

Trust Name Zetland Educational Trust Schemes 1961 to 1965, known as Zetland Educational Trust (ZET)

Charity Number SC001146

Contact Address Shetland Islands Council
Office Headquarters
8 North Ness Business Park
Lerwick
Shetland
ZE1 0LZ

Current Trustees	Malcolm Bell	Robbie McGregor
	Mark Burgess*	Andrea Manson
	Peter Campbell	Alec Priest
	Alastair Cooper	Davie Sandison
	Steven Coutts	Ian Scott
	Allison Duncan	Duncan Simpson
	John Fraser	Cecil Smith
	Amanda Hawick	George Smith
	Catherine Hughson	Theo Smith
	Stephen Leask	Ryan Thomson
Emma MacDonald	Beatrice Wishart*	

*Subsequent to the year-end, Mark Burgess and Beatrice Wishart resigned as elected members of the Shetland Islands Council. The Council is currently organising a by-election to fill the vacant seats.

Auditor Deloitte LLP
110 Queen Street
Glasgow
G1 3BX

Structure, Governance and Management

Constitution

The ZET as currently constituted, was formed in 1961 (amended in 1965) through the amalgamation of a number of bequests. It is registered with the Office of the Scottish Charity regulator (OSCR) and its governing document is a trust deed.

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The ZET comprises a number of endowments as specified in the ZET schemes 1961 and 1965, which are vested in Shetland Islands Council as the governing body and statutory successors to the County Council for the County of Zetland.

Trustees

The trustees of ZET are the elected members of Shetland Islands Council and are appointed through their election to the Council.

The Executive Manager – Finance is the designated officer within Shetland Islands Council with responsibility for the proper administration of the Trust's financial affairs and for keeping adequate and up to date accounting records.

The Executive Manager – Finance is responsible for ensuring that the financial statements of ZET are produced in accordance with the Charities Accounts (Scotland) Regulations 2006 (as amended), for making judgements and estimates that are both reasonable and prudent, and for taking steps to prevent and detect fraud and other irregularities.

The Executive Manager – Finance has considered and taken steps to address any risks to which the Trust may be exposed, in particular those related to its operation and finances. The trustees are satisfied that adequate systems are in place to mitigate exposure to such risks.

Management

The elected members, as trustees, are responsible for all major decisions relating to the Trust.

Authority to award grants has been delegated by the trustees to Shetland Islands Council Children's Services. The nominated officer is the Executive Manager – Quality Improvement.

The Executive Manager – Quality Improvement has the power to authorise expenditure within the limits of the Trust's annual income. Designated staff within Children's Services are responsible for the day-to-day administration of the funds.

Objectives and Activities

Charitable purposes

The purpose of the Trust is the advancement of education of people belonging to Shetland.

The ZET generally provides grants amounting to 75% of total project costs, with the remainder of project costs to be met by fundraising activities or in-kind support. The Trust does not give funds retrospectively. Applications are invited on an annual basis from individuals, schools and other educational organisations operating in Shetland.

The amount of funds available for disbursement will vary each year depending on interest received by the Trust.

The Trust will fund projects that fall under the following headings:

- **Educational excursions**

The Trust may provide assistance to meet the costs of organised educational excursions for the benefit of pupils attending school centres in Shetland. The pupils should derive some educational benefit from attending the excursion.

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- **Special equipment**

The Trust may fund the enhancement of education by assisting the provision of special equipment additional to that which the local authority may reasonably be expected to supply.

- **Promotion of ability and skill in swimming**

The Trust may fund the promotion and encouragement of swimming among pupils in Shetland through organised instruction by paying fees, travelling expenses and personal expenses of teams, instructors and any other appropriate costs.

- **Promotion of knowledge of Shetland**

The Trust may fund the promotion of knowledge of Shetland: its character, its skills and its arts, among persons being educated in Shetland by, for example, assisting to meet the costs of museum provision, making films designed to develop the knowledge of Shetland and any other appropriate costs.

- **Educational experiments and research**

The Trust may fund bodies, or other persons it approves, to undertake educational experiments and research, including archaeological research that, in its opinion, will be for the educational benefit of persons in Shetland.

Performance

For the year ended 31 March 2019, the Trust received bank interest of £126 (2017/18: £941). The decrease in bank interest earned is due to the change of Trust reserves from a fixed term deposit to a Corporate Bond Fund. This occurred on 28 April 2017.

The Corporate Bond Fund generated investment income of £25,838 (2017/18: 22,005) and resulted in £1,948 of Fund manager fees (2017/18: £1,218). The increase in income earned and fees from 2017/18 is mainly due to timing differences, date the bond commenced and receipt of fee invoices.

There were 12 bursaries (2017/18: 14) awarded to university students in support of their studies, totalling £2,400 (2017/18: £2,800). These bursaries are issued in the name of the original donors: E & M Gair (8 awards) and Arthur Anderson (4 awards). These bursaries will continue to be awarded as the students' progress through their degree programmes.

The Trust also provides grants for projects in line with its objectives There were 9 grants awarded totalling £18,887 in the year to 31 March 2019 (2017/18: £12,784).

Financial Review

Overview

In the year to 31 March 2019, the Trust made a surplus of £5,578 (2017/18: £6,139).

At 31 March 2019 the Trust held cash of £19,037 (2017/18: £13,459) and investments of £657,161 (2017/18: £660,000).

ZETLAND EDUCATIONAL TRUST
TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 March 2019

Reserves Policy

The Reserves policy is to maintain capital balances, with disbursements being made from investment income and bank interest earned.

Declaration

Approved by order of the Board of Trustees on 25 September 2019 and were signed on its behalf by:



.....
Steven Coutts - Trustee

ZETLAND EDUCATIONAL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ZETLAND EDUCATIONAL
TRUST SCHEME 1965 AND THE ACCOUNTS COMMISSION

Report on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the statement of accounts of Zetland Educational Trust Scheme 1965 for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances 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 a receipts and payments basis.

In our opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2019 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council'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.

Responsibilities of the trustees for the financial statements

The trustees are responsible for the preparation of financial statements which properly present the receipts and payments of the charity, 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.

ZETLAND EDUCATIONAL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ZETLAND EDUCATIONAL
TRUST SCHEME 1965 AND THE ACCOUNTS COMMISSION

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 these financial statements.

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

Other information in the statement of accounts

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the statement of accounts 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.

Report on other requirements

Opinion on matter prescribed by the Accounts Commission

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Charities Accounts (Scotland) Regulations 2006.

ZETLAND EDUCATIONAL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ZETLAND EDUCATIONAL
TRUST SCHEME 1965 AND THE ACCOUNTS COMMISSION

Matters on which we are required to report by exception

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers. in their individual capacities, or to third parties.



.....
Sarah Anderson, FCCA (for and on behalf of Deloitte LLP)

1 City Square

Leeds

LS1 2AL

United Kingdom

25 September 2019

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

ZETLAND EDUCATIONAL TRUST

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2019

The Statement of Receipts and Payments, as required by the Charities Accounts (Scotland) Regulations 2006 (as amended), provides an analysis of the incoming and outgoing cash and bank transactions for the year.

	Note	Unrestricted Funds £	Restricted Funds £	2018/19 £	2017/18 £
Receipts					
Donations	2	0	2,711	2,711	0
Grants	4	940	0	940	0
Investment Income	5	25,838	0	25,838	22,005
Bank Interest		126	0	126	941
Total receipts		26,904	2,711	29,615	22,946
Payments					
Disbursements	6	18,576	2,711	21,287	15,584
Fund Manager Fees	5	1,948	0	1,948	1,218
Service Charges	7	802	0	802	5
Total payments		21,326	2,711	24,037	16,807
Surplus for the year		5,578	0	5,578	6,139

ZETLAND EDUCATIONAL TRUST
STATEMENT OF BALANCES AS AT 31 MARCH 2019

The Statement of Balances, as required by the Charities Accounts (Scotland) Regulations 2006 (as amended), reconciles the cash and bank balances at the start and end of the financial year with any surpluses shown in the Statement of Receipts and Payments.

Note	Unrestricted Funds £	Restricted Funds £	2018/19 £	2017/18 £
Cash and Bank				
Opening cash balance	13,459	0	13,459	7,320
Surplus for the year	5,578	0	5,578	6,139
Closing cash balance	19,037	0	19,037	13,459

Note	2018/19 £	2017/18 £
Investments at market value		
Baillie Gifford Corporate Bond 5	657,161	660,000
Total Investments	657,161	660,000

The financial statements were approved by the Board of Trustees on 25 September 2019 and signed on its behalf by:



.....
 Steven Coutts - Trustee

1. Basis of Accounting

The financial statements have been prepared on a receipts and payments basis in accordance with the Charities & Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

2. Nature and purpose of funds

Unrestricted funds are those that may be used at the discretion of the trustees in furtherance of the objects of the Trust.

Restricted funds may only be used for specific purposes. Restrictions arise when specified by the donor or when funds are raised for specific purposes. During the year, the ZET received donations of £2,711 from parents towards the provision of an educational excursion.

3. Trustee Remuneration, Expenses and Related Party Transactions

- a) No remuneration or expenses were paid during the period to any trustee or persons connected to a trustee during 2018/19;
- b) Shetland Islands Council has not charged the Trust any fees for legal, financial or administrative services provided during the year; and
- c) Two ZET trustees are trustees of The Swan Trust. During the year, £5,000 was disbursed to the Swan Trust to provide schoolchildren with sailing opportunities (2017/18: nil).

4. Grants received

Shetland Island Council paid £940 in grants to the ZET (2017/18: nil).

5. Cash and Investments

Investment balances are held in a Baillie Gifford Corporate Bond Fund.

Fund manager fees of 3% on the daily market value of the fund is charged and invoiced quarterly in arrears.

The Trust holds one bank account. In addition to receiving bank interest, income generated from the bond is received by the account. The bank account is used to make payments.

6. Disbursement of Bursaries and Grants

Disbursements: bursaries	2018/19		2017/18	
	Number	£	Number	£
Disbursements				
E & M Gair student bursaries	8	1,600	8	1,600
Arthur Anderson student bursaries	4	800	6	1,200
Total	12	2,400	14	2,800

ZETLAND EDUCATIONAL TRUST
NOTES TO THE FINANCIAL STATEMENTS

Disbursements: grants	2018/19		2017/18	
	Number	£	Number	£
Type of activity or project supported				
Special equipment	4	7,987	18	4,491
Promotion of knowledge of Shetland	3	6,080	14	2,091
Educational Excursions	1	4,711	9	4,522
Educational experiments and research	1	109	1	1,680
	9	18,887	42	12,784

All 9 grants awarded in the year were to local clubs and schools. No individuals were awarded grants.

7. Audit Fees

Shetland Islands Council has an agreement with ZET whereby the independent audit fee is borne by the Council unless the Trust earns a minimum income of £10,000 in the year. This income threshold was exceeded in 2018/19 and audit fees of £400 (2017/18: £400) are chargeable to ZET. Both the 2018/19 and 2017/18 audit fee have been paid in 2018/19.

8. Taxation

The ZET is not liable to income or capital gains tax on its activities. Irrecoverable VAT is included in any expense to which it relates.