

# **ZETLAND EDUCATIONAL TRUST SCHEMES**

**1961 TO 1965**



## **TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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**ZETLAND EDUCATIONAL TRUST**  
**TRUSTEE'S ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

## **1. INTRODUCTION**

The Trustees present their annual report together with the financial statements and the auditor's report for the year ended 31 March 2017.

### **ADMINISTRATION INFORMATION**

<b>Charity Name</b>	Zetland Educational Trust Schemes 1961 to 1965, known as Zetland Educational Trust (ZET)
<b>Charity Number</b>	SC001146
<b>Contact Address</b>	Shetland Islands Council Office Headquarters 8 North Ness Business Park Lerwick Shetland ZE1 0LZ
<b>Current Trustees</b>	Shetland Islands Council
<b>Auditor</b>	Deloitte LLP 1 City Square Leeds LS1 2AL

## **2. STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **CONSTITUTION**

The Zetland Educational Trust (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.

The Zetland Educational Trust 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.

## **TRUSTEES (cont.)**

The Executive Manager – Finance has considered and taken steps to address any risks to which the charity 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.

## **3. OBJECTIVES & ACTIVITIES**

### **CHARITABLE PURPOSES**

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

The Zetland Educational Trust 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.

- **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.

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**TRUSTEE'S ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2017**

- **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.

#### **4. PERFORMANCE**

The Trust's only regular source of income is bank interest.

In the year to 31 March 2017 there were 12 bursaries (2015/16: 10) awarded to university students in support of their studies, totalling £2,400 (2015/16: £2,000). These bursaries are issued in the name of the original donors: E&M Gair (nine awards) and Arthur Anderson (three awards). These awards will continue to be awarded as the students progress through their degree programmes.

The Trust also provides grants for projects of a general educational nature in line with the objectives set out above. There were no such disbursements in the year to 31 March 2017 (2015/16: nil).

#### **5. FINANCIAL REVIEW**

##### **OVERVIEW**

In the year to 31 March 2017, the Trust made a surplus of £1,579 (2015/16: £3,193).

At 31 March 2017 the trust held cash and bank balances amounting to £667,320 (2015/16: £665,741).

##### **RESERVES POLICY**

On 7 March 2017, the trustees approved the transfer of the Trust's reserves of £660,000, currently invested in a fixed term deposit account, to be invested in a Corporate Bond Fund. The existing fixed term deposit is due to end on 28 April 2017.

#### **6. DECLARATION**

This report was signed on behalf of the trustees on 20 September 2017 by:



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Jonathan Belford, CPFA  
Executive Manager – Finance  
20 September 2017

## **Independent auditor's report to the trustees of Zetland Educational trust scheme 1965 and the accounts commission**

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 approved by the Accounts Commission, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **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 2017 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, 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 charities for the year ended 31 March 2017 and their 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 of opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). 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 charities 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 Standards for Auditors, 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 charities, 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.

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the charities and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Our objectives are to achieve 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&I) 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.

### **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 in accordance with ISAs (UK&I), our responsibility is to read all the financial and non-financial information in the statement of accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Report on other requirements**

#### **Opinion on other prescribed matter**

We are required by the Accounts Commission to express an opinion on the following matter. 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.

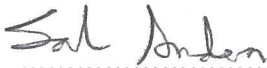
**ZETLAND EDUCATIONAL TRUST  
INDEPENDENT AUDITOR'S REPORT**

**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.

  
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Sarah Anderson, FCCA (for and on behalf of Deloitte LLP)  
1 City Square  
Leeds  
LS1 2AL  
United Kingdom

20 September 2017

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



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**STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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

	Note	Restricted Funds £	2016/17 £	2015/16 £
<b>Receipts</b>				
Income from bank investments		3,979	3,979	5,193
<b>Total receipts</b>		<b>3,979</b>	<b>3,979</b>	<b>5,193</b>
<b>Payments</b>				
Grants and donations	3	2,400	2,400	2,000
<b>Total payments</b>		<b>2,400</b>	<b>2,400</b>	<b>2,000</b>
<b>Net receipts</b>		<b>1,579</b>	<b>1,579</b>	<b>3,193</b>
<b>Surplus for the year</b>		<b>1,579</b>	<b>1,579</b>	<b>3,193</b>

**ZETLAND EDUCATIONAL TRUST**  
**STATEMENT OF BALANCES AS AT 31 MARCH 2017**

The Statement of Balances, as required by the Charities Accounts (Scotland) Regulations 2006, 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	Restricted Funds £	2016/17 £	2015/16 £
<b>Cash and bank</b>			
Opening balance	10,741	10,741	7,548
Less transfer to Investments	(5,000)	(5,000)	-
Surplus for the year	1,579	1,579	3,193
<b>Closing balance</b>	<b>7,320</b>	<b>7,320</b>	<b>10,741</b>
<b>Market valuation of investments</b>			
Bank of Scotland - Fixed Term Deposit	660,000	660,000	-
Bank of Scotland - Current Account	-	-	655,000
<b>Total Investments</b>	<b>660,000</b>	<b>660,000</b>	<b>655,000</b>
<b>Trust balances at 1 April 2016</b>	<b>665,741</b>	<b>665,741</b>	<b>662,548</b>
Add surplus for the year	1,579	1,579	3,193
<b>Trust Balance at 31 March 2017</b>	<b>667,320</b>	<b>667,320</b>	<b>665,741</b>

Signed on behalf of the trustees on 20 September 2017 by:



.....  
Jonathan Belford, CPFA  
Executive Manager – Finance  
20 September 2017

**ZETLAND EDUCATIONAL TRUST  
NOTES TO THE FINANCIAL STATEMENTS**

**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.

**2. 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 2016/17;
- b) There were no related party transactions during the year; and
- c) Shetland Islands Council has not charged the Trust any fees for legal, financial or administrative services provided during the year.

**3. Bursaries and Grants**

Type of activity or project supported	2016/17		2015/16	
	Number	£	Number	£
<b>Disbursements</b>				
Arthur Anderson Bursaries	3	600	4	800
E & M Gair Bursaries	9	1,800	6	1,200
<b>Total</b>	<b>12</b>	<b>2,400</b>	<b>10</b>	<b>2,000</b>

**4. Cash and Investments**

There are two bank accounts held by the trust: a fixed term deposit account that earns interest and a cheque account, from which payments are made.

**5. Audit Fees**

Shetland Islands Council has an agreement with ZET whereby the cost of independent audit is borne by the Council unless the Trust earns a minimum income of £10,000 in the year. For 2016/17 and 2015/16 the Council paid audit fees on behalf of the Trust.

**6. Taxation**

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