

Zetland Educational Trust Schemes 1961 to 1965

# Trustees' Annual Report and Audited Financial Statements

# 2023



Contents

Trustees' Annual Report for the Year Ended 31 March 2023 .....	1
Independent Auditor's Report .....	5
Statement of Receipts and Payments for the year ended 31 March 2023 .....	8
Statement of Balances as at 31 March 2023.....	9
Notes to the Financial Statements .....	10

**ZETLAND EDUCATIONAL TRUST**  
**TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023**

## Introduction

The trustees present their annual report together with the financial statements for the year ended 31 March 2023.

## 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

### Trustees

Duncan Anderson	Dennis Leask (elected May 2022)	Gary Robinson (elected May 2022)
Alex Armitage (elected May 2022)	Stephen Leask	Mark Robinson (elected November 2022)
Malcolm Bell (retired May 2022)	Moraig Lyall	Davie Sandison
Peter Campbell (retired May 2022)	Emma Macdonald	Ian Scott
Alastair Cooper (retired May 2022)	Tom Morton (elected May 2022)	Cecil Smith
Steven Coutts (retired May 2022)	Robbie McGregor	George Smith (retired May 2022)
Allison Duncan	Andrea Manson	Theo Smith (retired May 2022)
Stephen Flaws (retired May 2022)	Neil Pearson (elected May 2022)	Robert Thomson (elected May 2022)
John Fraser	Bryan Peterson (elected May 2022)	Ryan Thomson
Amanda Hawick (retired May 2022)	Liz Peterson (elected May 2022)	Arwed Wenger (elected May 2022)
Catherine Hughson	Alec Priest (retired May 2022)	

<b>Auditor</b>	Audit Scotland 4 <sup>th</sup> Floor 102 West Port Edinburgh EH3 9DN
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## 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.

## TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

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 the trust 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 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.

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

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.

- **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 2023, the trust received bank interest of £401 (2021/22: £12) and paid bank charges of £3 (2021/22: £12).

The Corporate Bond Fund generated investment income of £24,384 (2021/22: £24,053) and resulted in £1,892 of fund manager fees (2021/22: £2,137).

There were 10 bursaries (2021/22: 13) awarded to university students in support of their studies, totalling £2,000 (2021/22: £2,600). These bursaries are issued in the name of the original donors: E & M Gair 6 awards (2021/22: 7) and Arthur Anderson 4 awards (2021/22: 6). 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 11 (2021/22: 9) grants awarded totalling £17,503 in the year to 31 March 2023 (2021/22: £13,853), which are detailed in note 3. The increase in grants paid is due to the relaxation of the restrictions imposed by the Scottish Government to deal with the Covid-19 pandemic, which has allowed greater numbers of activities and projects to be undertaken in the year.

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

## Financial Review

### Overview

In the year to 31 March 2023, the trust made a surplus of £387 (2021/22: £5,063).

At 31 March 2023 the trust held cash of £7,652 (2021/22: £7,265) and investments of £590,919 (2021/22: £674,200).

### 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 21 November 2023 and were signed on its behalf by:

*Emma Macdonald*

.....  
Emma Macdonald - Trustee  
21 November 2023

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## **Independent auditor’s report to the trustees of Zetland Educational Trust Schemes 1961 to 1965 and the Accounts Commission**

### **Reporting on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the statement of accounts of Zetland Educational Trust Schemes 1961 to 1965 for the year ended 31 March 2023 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2023 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**

I conducted my 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. My responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council’s Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Responsibilities of the trustees for the financial statements**

The trustees are responsible for the preparation of financial statements that properly present the receipts and payments of the charity, and for such internal control as the trustees determines 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**

My 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 my 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.

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

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charity;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charity;
- inquiring of the Trustees concerning the charity's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on other requirements

### **Other information**

The trustees are responsible for the other information in the statement of accounts. The other information comprises the Trustees' Annual Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially



misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

### **Opinions prescribed by the Accounts Commission on the Trustees' Annual Report**

In my 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 Charity Accounts (Scotland) Regulations 2006.

### **Matters on which I am required to report by exception**

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

### **Use of my 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 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

*Stephen O'Hagan*

Stephen O'Hagan CPFA  
Senior Audit Manager  
Audit Scotland  
8 Nelson Mandela Place  
Glasgow  
G2 1BT  
21 November 2023

Stephen O'Hagan is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

## ZETLAND EDUCATIONAL TRUST

### Statement of Receipts and Payments for the year ended 31 March 2023

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	Restricted Funds £	Unrestricted Funds £	2022/23 £	2021/22 £
<b>Receipts</b>					
Investment Income	5	24,384	0	24,384	24,053
Bank Interest		401	0	401	12
<b>Total receipts</b>		<b>24,785</b>	<b>-</b>	<b>24,785</b>	<b>24,065</b>
<b>Payments</b>					
Disbursements	3	19,503		19,503	16,453
Fund Manager Fees	5	1,892	0	1,892	2,137
Service Charges	6	3,003	0	3,003	412
<b>Total payments</b>		<b>24,398</b>	<b>-</b>	<b>24,398</b>	<b>19,002</b>
<b>Surplus for the year</b>		<b>387</b>	<b>0</b>	<b>387</b>	<b>5,063</b>

**ZETLAND EDUCATIONAL TRUST**  
**STATEMENT OF BALANCES AS AT 31 MARCH 2023**

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	Restricted Funds £	Unrestricted Funds £	2022/23 £	2021/22 £
<b>Cash and Bank</b>				
<b>Opening cash balance</b>	7,265	0	7,265	42,202
Surplus for the year	387	0	387	5,063
Transfer to Investment	-	0	-	(40,000)
<b>Closing cash balance</b>	<b>7,652</b>	<b>0</b>	<b>7,652</b>	<b>7,265</b>

Note	2022/23 £	2021/22 £
<b>Investments at market value</b>		
Baillie Gifford Corporate Bond 5	590,919	674,200
<b>Total Investments</b>	<b>590,919</b>	<b>674,200</b>

The financial statements were approved by the Board of Trustees on 21 November 2023 and signed on its behalf by:

*Emma Macdonald*

.....  
 Emma Macdonald - Trustee  
 21 November 2023

## 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 charity.

Restricted funds may only be used for specific purposes. Restrictions arise when specified by the donor or when funds are raised for specific purposes.

## 3. Grants and Donations paid

Disbursements: bursaries	2022/23		2021/22	
	Number	£	Number	£
<b>Disbursements</b>				
E & M Gair student bursaries	6	1,200	7	1,400
Arthur Anderson student bursaries	4	800	6	1,200
<b>Total</b>	<b>10</b>	<b>2,000</b>	<b>13</b>	<b>2,600</b>

Disbursements: grants	2022/23		2021/22	
	Number	£	Number	£
<b>Type of activity or project supported</b>				
Educational excursions	3	2,000	1	1,857
Promotion of ability and skill in Swimming	2	3,750	1	2,000
Promotion of knowledge of Shetland	3	7,250	2	4,284
Special equipment	3	4,503	5	5,712
	<b>11</b>	<b>17,503</b>	<b>9</b>	<b>13,853</b>

All 11 grants awarded in the year were to local clubs and schools. No individuals were awarded grants.

## 4. Trustee Remuneration, Expenses and Related Party Transactions

- a) No remuneration or expenses were paid during the year to any trustee or persons connected to a trustee during 2022/23 or 2021/22;
- b) Shetland Islands Council has not charged the trust any fees for legal, financial or administrative services provided during the year; and
- c) There were no related party transactions during the year (2021/22: £0).

## 5. Cash and investments

Investment balances are held in a Baillie Gifford Corporate Bond Fund. Since the start of 2023 the Baillie Gifford Bond Fund has been falling in value. This is due to rising inflation becoming a major problem for governments and central banks with the attempted control of inflation the priority through increasing interest rates. The Russian invasion of Ukraine in February 2022 and its impact on energy prices has only exacerbated the inflationary situation. In a rising inflation and interest rate environment there is much uncertainty in investment markets, which has seen markets and investments fall. The reduction in the ZET's bond investments value is a direct result of the economic inflationary situation causing a fall in market valuations.

Fund manager fees of 0.3% on the daily market value of the fund are 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. Governance Costs

Shetland Islands Council has an agreement with the trust whereby the 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 2022/23 and the trust has paid audit fees of £3,000 (2021/22: £400).

## 7. Taxation

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