

Zetland Educational Trust Schemes 1961 to 1965

Trustees' Annual Report and Audited Financial Statements

2023/24



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ZETLAND EDUCATIONAL TRUST

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

Introduction

The trustees present their annual report together with the financial statements for the year ended 31 March 2024.

Administration Information

Charity 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

Trustees

Duncan Anderson	Emma Macdonald	Mark Robinson
Alex Armitage	Tom Morton (Resigned 31.10.24)	Davie Sandison
Allison Duncan	Robbie McGregor	Ian Scott
John Fraser	Andrea Manson	Cecil Smith
Catherine Hughson	Neil Pearson	Robert Thomson
Dennis Leask	Bryan Peterson	Ryan Thomson
Stephen Leask	Liz Peterson	Arwed Wenger
Moraig Lyall	Gary Robinson	

Auditor Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

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.

ZETLAND EDUCATIONAL TRUST

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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 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 – Education and Learning.

The Executive Manager – Education and Learning 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.

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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 2024, the trust received bank interest of £968 (2022/23: £401) and paid bank charges of £2 (2022/23: £3).

The Corporate Bond Fund generated investment income of £27,160 (2022/23: £24,384) and resulted in £1,759 of fund manager fees (2022/23: £1,892).

There were 12 bursaries (2022/23: 10) awarded to university students in support of their studies, totalling £2,400 (2022/23: £2,000). These bursaries are issued in the name of the original donors: E & M Gair 8 awards (2022/23: 6) and Arthur Anderson 4 awards (2022/23: 4). 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 12 (2022/23: 11) grants awarded totalling £12,182 in the year to 31 March 2024 (2022/23: £17,503), which are detailed in note 3. The decrease in the value of grants paid is mainly due to 2 grants which were awarded totalling £2,150 not going ahead in the year.

ZETLAND EDUCATIONAL TRUST
TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

Financial Review

Overview

In the year to 31 March 2024, the trust made a surplus of £10,355 (2022/23: £387).

At 31 March 2024 the trust held cash of £18,007 (2022/23: £7,652) and investments of £616,504 (2022/23: £590,919).

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 11 December 2024 and were signed on its behalf by:



11 December 2024

.....
Emma Macdonald – Trustee

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 2024 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 2024 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 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

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. 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
11 December 2024

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 2024

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 £	2023/24 £	2022/23 £
Receipts					
Investment Income	5	27,160	0	27,160	24,384
Bank Interest		968	0	968	401
Grant repayment		1,750	0	1,750	0
Total receipts		29,878	0	29,878	24,785
Payments					
Disbursements	3	14,582		14,582	19,503
Fund Manager Fees	5	1,758	0	1,758	1,892
Service Charges	6	3,182	0	3,182	3,003
Total payments		19,522	0	19,521	24,398
Surplus for the year		10,355	0	10,356	387

ZETLAND EDUCATIONAL TRUST
STATEMENT OF BALANCES AS AT 31 MARCH 2024

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 £	2023/24 £	2022/23 £
Cash and Bank				
Opening cash balance	7,652	0	7,652	7,265
Surplus for the year	10,355	0	10,355	387
Transfer to Investment	0	0	0	0
Closing cash balance	18,007	0	18,007	7,652

Note	2023/24 £	2022/23 £
Investments at market value		
Baillie Gifford Corporate Bond	616,504	590,919
Total Investments	616,504	590,919

The financial statements were approved by the Board of Trustees on 11 December 2024 and signed on its behalf by:



11 December 2024

.....
 Emma Macdonald – 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 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.

All the funds and income of the ZET fall within the category of restricted funds. Due to the historic nature of the underlying donations, it is not possible to separately disclose underlying values and income for each individual donation. Clarification on the legal parameters within the Trust is currently being investigated, with a view to providing a clearer format for the Trust going forward.

3. Grants and Donations paid

Disbursements: bursaries	2023/24		2022/23	
	Number	£	Number	£
Disbursements				
E & M Gair student bursaries	8	1,600	6	1,200
Arthur Anderson student bursaries	4	800	4	800
Total	12	2,400	10	2,000

Disbursements: grants	2023/24		2022/23	
	Number	£	Number	£
Type of activity or project supported				
Educational excursions	5	4,668	3	2,000
Promotion of ability and skill in Swimming	0	0	2	3,750
Promotion of knowledge of Shetland	2	3,175	3	7,250
Special equipment	5	4,339	3	4,503
	12	12,182	11	17,503

All 12 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 2023/24 or 2022/23;
- 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 (2022/23: £0).

5. Cash and investments

Investment balances are invested with Baillie Gifford in a Corporate Bond Fund. Over the first six months of the financial year bond markets were relatively flat as interest rates remained high keeping pressure on bond valuations. As the financial year progressed inflation started to fall and interest rates stabilised. This resulted in a sharp recovery in all asset classes including bonds, as confidence returned to the markets based on a more positive economic outlook. The bond market was further buoyed with expectations of interest rate cuts from central banks in 2024. The increase in the ZET's bond investments value is mainly due to confidence returning to the markets and expectations of interest rates falling during 2024.

Fund manager fees are invoiced quarterly in arrears, and charged at the rate of 0.3% on the daily market value of the fund.

The ZET has one bank account, which not only receives bank interest but also a monthly amount from income generated by the bond fund with Baillie Gifford. The bank account is used to make payments out of its annual income.

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 2023/24 and the trust has paid audit fees of £3,180 (2022/23: £3000).

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.

ZETLAND EDUCATIONAL TRUST SCHEMES

1961 TO 1965



Stephen O'Hagan
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
8 Nelson Mandela Place
Glasgow
G2 1BT

Date: 11 December 2024

Dear Stephen

Zetland Educational Trust schemes 1961 to 1965

Annual Accounts 2023/24

1. This representation letter is provided in connection with your audit of the financial statements of Zetland Educational Trust Schemes 1961 to 1965 for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements properly present the financial position of the Trust as at 31 March 2024 and their receipts and payments for the year then ended.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the trustees, the following representations given to you in connection with your audit for the year ended 31 March 2024.

General

3. I acknowledge my responsibility and that of the trustees, for the preparation of the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the Trust have been recorded in the accounting records and are properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

4. The information given in the Trustees' Reports present a balanced picture of the Trust and is consistent with the financial statements.

5. I confirm that there are no uncorrected misstatements.

Financial reporting framework

6. The financial statements have been prepared in accordance with the requirements of Local Government (Scotland) Act 1973 including all relevant presentation and disclosure requirements. The financial statements also comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 and guidance issued by the Office of the Scottish Charity Regulator (OSCR).

7. Disclosure has been made in the financial statements of all matters necessary for them to properly present the transactions and state of affairs of the charity for the year ended 31 March 2024.

Accounting policies

8. The financial statements have been prepared on a receipts and payments basis in accordance with the applicable regulations and the founding documents of the Trust.

Going Concern

9. The Trustees have assessed the ability of the Trust to carry on as a going concern, and have disclosed in the financial statements, any material uncertainties that have arisen as a result.

Related party transactions

10. There were no related party transactions with any party other than Shetland Islands Council as administering agent.

Events subsequent to the balance sheet date

11. There have been no material events since the date of the statement of balances which necessitate revision of the figures in the financial statements or notes thereto, including contingent assets and liabilities.

12. Since the date of the statement of balances no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate governance

13. The business of the Trust is recorded in the systems of Shetland Islands Council. As section 95 officer for Shetland Islands Council, I confirm that there are no issues or deficiencies in internal control that require to be disclosed within the financial statements of the Trusts.

Fraud

14. I have considered the risk that the financial statements may be materially misstated as a result of fraud or irregularity. There have been no actual or alleged frauds or irregularities involving trustees or staff of Shetland Islands Council that could affect the financial statements of the Trust.

Assets

15. The assets shown in the statement of balances or balance sheet at 31 March 2024 were owned by the Trust. Assets are free from any lien, encumbrance or charge. There are no plans or intentions that are likely to affect the carrying value or classification of the assets within the financial statements.

Liabilities

16. All liabilities at 31 March 2024 of which I am aware have been recognised in the annual accounts.

Yours sincerely

Paul Fraser

Paul Fraser

Executive Manager - Finance, Shetland Islands Council, for and on behalf of the trustees of the Zetland Educational Trust Schemes 1961 to 1965 administered by Shetland Islands Council