

ZETLAND EDUCATIONAL TRUST SCHEMES

1961 TO 1965



TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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ZETLAND EDUCATIONAL TRUST

TRUSTEE'S ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The trustees present their annual report together with the financial statements and the auditor's report for the year ended 31 March 2018.

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
Current Trustees	Shetland Islands Council
Auditor	Deloitte LLP 1 City Square Leeds LS1 2AL

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.

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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.

The unaudited Trustees' Annual Report and Financial Statements were signed by the then Executive Manager – Finance and Section 95 officer, Jonathan Belford, who took up a new post at Aberdeen City Council on 1 September 2018. Jamie Manson has been appointed as the new Executive Manager – Finance and will start on 24 September 2018. In the interim Hazel Tait, Acting s95 Officer, has been given delegated authority to sign the audited Annual Report and Financial Statements.

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 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.

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TRUSTEE'S ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2018

- **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 2018, the Trust received bank interest of £941 and investment income of £22,005.

There were 14 bursaries (2016/17: 12) awarded to university students in support of their studies, totalling £2,800 (2016/17: £2,400). These bursaries are issued in the name of the original donors: E&M Gair (8 awards) and Arthur Anderson (6 awards). These bursaries 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 42 grants awarded to local clubs and schools totalling £12,784 in the year to 31 March 2018 (2016/17: nil).

Financial Review

Overview

In the year to 31 March 2018, the Trust made a surplus of £6,139 (2016/17: £1,579).

At 31 March 2018 the trust held cash and investments amounting to £673,459 (2016/17: £667,320).

Reserves Policy

Following approval on 7 March 2017, Trust reserves of £660,000 previously held in a fixed term deposit account were transferred to a Corporate Bond Fund with investment managers Baillie Gifford with effect from 28 April 2017. The reserves policy is to maintain capital balances, with disbursements being made from investment income.

Declaration

This report was signed on behalf of the trustees on 19 September by:



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Hazel Tait, CPFA
Acting Section 95 Officer
Shetland Islands Council

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 2018 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 Zetland Educational Trust Scheme 1965 for the year ended 31 March 2018 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)). 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 Zetland Educational Trust Scheme 1965 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 Zetland Educational Trust Scheme 1965, 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 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

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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.

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

Sarah Anderson

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

19 September 2018

Deloitte LLP 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 2018

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 £	2017/18 £	2016/17 £
Receipts				
Investment income	3	22,005	22,005	0
Bank interest		941	941	3,979
Total receipts		22,946	22,946	3,979
Payments				
Service charges		5	5	0
Fund Manager fees	3	1,218	1,218	0
Disbursements	4	15,584	15,584	2,400
Total payments		16,807	16,807	2,400
Surplus for the year		6,139	6,139	1,579

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STATEMENT OF BALANCES AS AT 31 MARCH 2018

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 £	2017/18 £	2016/17 £
Cash and bank	3			
Opening balance		7,320	7,320	10,741
Less transfer to investments		0	0	(5,000)
Surplus for the year		6,139	6,139	1,579
Closing cash balance		13,459	13,459	7,320
Investments	3			
Bank of Scotland - Fixed Term Deposit		0	0	660,000
Baillie Gifford Corporate Bond		660,000	660,000	0
Total Investments		660,000	660,000	660,000
Opening Trust Balance at 1 April		667,320	667,320	665,741
Add surplus for the year		6,139	6,139	1,579
Closing Trust Balance at 31 March		673,459	673,459	667,320

Signed on behalf of the trustees on 19 September 2018 by:



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Hazel Tait, CPFA
Acting Section 95 Officer
Shetland Islands Council

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, persons connected to a trustee, or on behalf of a trustee during 2017/18;
- b) There were no related party transactions during the year; and
- c) Shetland Islands Council has not charged the Trust any fees relating to the legal advice, financial accounting, or grant administration and payment services provided during the year.

3. Cash and Investments

There is currently one bank current account held by the trust, used mainly for payments. The balance on this account at 31 March 2018 was £13,459.

Investment balances are held in a Baillie Gifford Corporate Bond Fund with an average annual return of 4.5% and Fund Manager fees of 0.3%. At 31 March 2018, the market value of the Baillie Gifford Corporate Bond was £654,605.

4. Disbursement of Bursaries and Grants

Disbursements: bursaries	2017/18		2016/17	
	Number	£	Number	£
E & M Gair student bursaries	8	1,600	9	1,800
Arthur Anderson student bursaries	6	1,200	3	600
Total	14	2,800	12	2,400

Disbursements: grants	2017/18		2016/17	
	Number	£	Number	£
Type of activity or project supported				
Special equipment	18	4,491	0	0
Promotion of knowledge of Shetland	14	2,091	0	0
Educational excursions	9	4,522	0	0
Promotion of swimming skills	1	1,680	0	0
Total	42	12,784	0	0

All 42 grants awarded in the year were to local clubs and schools. No individuals were awarded grants.

5. 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. For 2017/18, this income threshold was exceeded and therefore audit fees of £400 are chargeable to ZET. This transaction will take place in 2018/19.

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.