Zetland Educational Trust Schemes 1961 to 1965

Trustees' Annual Report and Unaudited Financial Statements 2025/26

SHETLAND
ISLANDS COUNCIL

Contents

Introduction

The trustees present their annual report together with the financial statements for the year ended 31 March 2026.

Administration Information

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

Charity Number SC001146

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Shetland Islands Council
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8 North Ness Business Park
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Shetland
ZE1 0LZ

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.

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 – Schools.

The Executive Manager – Schools 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.

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 2026, the trust received bank interest of £1,839 (2024/25: £1,572) and paid bank charges of £3 (2024/25: £3).

The Corporate Bond Fund generated investment income of £34,363 (2024/25: £35,938) and resulted in £1,875 of fund manager fees (2024/25: £1,848).

There were 13 bursaries (2024/25: 12) awarded to university students in support of their studies, totalling £2,600 (2024/25: £2,400). These bursaries are issued in the name of the original donors: E & M Gair 8 awards (2024/25: 7) and Arthur Anderson 5 awards (2024/25: 5). 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 24 (2024/25: 12) grants awarded totalling £23,783 in the year to 31 March 2026 (2024/25: £16,568), which are detailed in note 3. The increase in the value of grants paid is due to higher investment income received than in the previous year, meaning more funds were available for distribution, this also led to an increase in the number of grants awarded.

Financial Review

Overview

In the year to 31 March 2026, the trust made a surplus of £4,391 (2024/25: £13,291).

At 31 March 2026 the trust held cash of £35,690 (2024/25: £31,299) and investments of £614,253 (2024/25: £623,631).

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 19 August 2026 and were signed on its behalf by:

....

Emma Macdonald – Trustee

19 August 2026

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 MARCH 2026

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 £	2025/26 £	2024/25 £
Receipts					
Investment Income	5	34,363	0	34,363	35,938
Bank Interest		1,839	0	1,839	1,572
Grant repayment		0	0	0	0
Total receipts		**36,202**	**0**	**36,202**	**37,510**
Payments					
Disbursements	3	26,383		26,383	18,968
Fund Manager Fees	5	1,875	0	1,875	1,848
Service Charges	6	3,553	0	3,553	3,403
Total payments		**31,811**	**0**	**31,811**	**24,219**
Surplus for the year		**4,391**	**0**	**4,391**	**13,291**

STATEMENT OF BALANCES AS AT 31 MARCH 2026

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 £	2025/26 £	2024/25 £
Cash and Bank				
Opening cash balance	31,299	0	31,299	18,007
Surplus for the year	4,391	0	4,391	13,292
Transfer to Investment	0	0	0	0
Closing cash balance	**35,690**	**0**	**35,690**	**31,299**

	Note	2025/26 £	2024/25 £
Investments at market value			
Baillie Gifford Corporate Bond	5	614,253	623,631
Total Investments		**614,253**	**623,631**

The financial statements were approved by the Board of Trustees on 19 August 2026 and signed on its behalf by:

....
Emma Macdonald – Trustee
19 August 2026

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	2025/26		2024/25	
	Number	£	Number	£
Disbursements				
E & M Gair student bursaries	8	1,600	7	1,400
Arthur Anderson student bursaries	5	1,000	5	1,000
Total	13	2,600	12	2,400

Disbursements: grants	2025/26		2024/25	
	Number	£	Number	£
Type of activity or project supported				
Educational excursions	9	7,966	6	5,935
Education Experiment and Research	1	402	-	-
Promotion of ability and skill in Swimming	3	4,350	1	2,645
Promotion of knowledge of Shetland	3	1,900	4	7,268
Special equipment	8	9,165	1	720
Total	24	23,783	12	16,568

All 24 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 2025/26 or 2024/25;

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 (2024/25: £0).

5. Cash and investments

The ZET keeps money in its bank account for operational purposes along with a longer-term investment in a Corporate Bond Fund managed by Baillie Gifford.

The Corporate Bond Fund at the start of the financial year was operating in volatile markets due to the initial US trade tariff increases and then the following de-escalation in tariff rhetoric. Despite the volatile markets the bond fund delivered solid returns as company fundamentals, economic growth and demand remained strong. As 2025 progressed the bond markets remained resilient helped by interest rate cuts in the US, UK and Europe. During the last quarter of 2025/26 the US Iran conflict caused a rapid return to an inflationary environment, with markets no longer expecting interest rate cuts in 2026. This saw bond prices fall interrupting what had been a generally positive bond environment throughout 2025/26. Baillie Gifford are maintaining a reasonably cautious investment position with the Corporate Bond Fund, as the impact of the Middle East conflict will most likely be a prolonged period of higher energy prices and inflation pressures, with uncertainty over the duration of the conflict. The ZET's bond investment had increased in value throughout 2025 but the quarter to March 2026 saw bond markets fall due to the Middle East conflict, resulting in a slight overall decrease in the ZET's bond investment over the financial year.

Baillie Gifford's management 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, income received is from bank interest and a monthly income amount 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 2025/26 and the trust has paid audit fees of £3,550 (2024/25: £3,400).

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.