

Chief Executive: Dr Ann Black

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Lerwick
Shetland
ZE1 0NQ

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If calling please ask for
Edna Flaws
Direct Dial: 01595 744994

Our Ref: TA48

Date: 2 September 2025

Dear Sir/Madam

You are invited to the following meeting:

Shetland Charitable Trust
22-24 North Road, Lerwick, ZE1 0NQ (and remotely via Zoom)
Thursday 11 September 2025 at 11.00am

Apologies for absence should be notified to Edna Flaws on 01595 744994.

(Please note that a Zoom invitation will be sent separately for those attending remotely)

Yours faithfully

(signed) Dr Ann Black
Chief Executive

AGENDA

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of Interest.
(Trustees are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any Trustee making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.)

(d) Confirm minutes of meeting held on 5 June 2025 (*enclosed*).

For Decision

1. SCT Annual Report and Accounts for the year ended 31 March 2025. *Report enclosed.*

For Information

2. Investment Performance Update – Three Months to 30 June 2025. *Report enclosed.*
3. Management Accounts – Three Months to 30 June 2025. *Report enclosed.*
4. Capital Works Bridging Loan Scheme. *Report enclosed.*

*The following items contain **CONFIDENTIAL** information*

For Decision

5. Belmont Built Heritage Grant Scheme. *Report enclosed.*
6. Large Grant Scheme. *Report enclosed.*

For Information

7. Service Performance of Funded Organisations – Year Ended 31 March 2025. *Report enclosed.*
8. Deeds Executed.
9. Update from Chairs of Advisory Committees.
10. Update from Subsidiary Companies.

REPORT

To: Shetland Charitable Trust

11 September 2025

From: Chief Executive

Report: CT2509017

Shetland Charitable Trust Annual Report and Accounts for the year to 31 March 2025

1. Introduction

- 1.1 The purpose of this report is to present the Annual Report and Accounts for the year to 31 March 2025 for approval. These are attached as Appendix A.

2. Commentary

- 2.1 Shetland Charitable Trust (the Trust) has seen an increase in funds of £3.6 million this financial year. The Trust's net asset position now stands at £448.9 million (2024: £445.3 million).
- 2.2 Total incoming resources were £3.8 million (2024: £4.3 million) and total resources expended were £11.9 million (2024: £13.6 million). The difference in resources expended and incoming resources is met from the Trust's reserves in line with the Trust's Financial Plan 2020 – 2025.
- 2.3 Total charitable expenditure for the year was £10.3 million (2024: £12.1 million).
- 2.4 The value of Trust funds invested on global markets increased this year. There was an increase of £11.3 million (2024: £61.3 million). Investment management costs for the year were £1,639,000 (2024: £1,448,000). The increase in cost reflects the market conditions and increase in value of investments.
- 2.5 The value of programme related investments (the Trust's local investments) remained at £12.3 million. There has been no investment or disposal during financial year.
- 2.6 RSM UK Audit LLP (RSM) have provided a report, which was presented by RSM at the Trust's Audit & Governance Advisory Committee (AGAC) meeting on 14 August 2025, which summarised the work of the auditors.
- 2.7 The letter of representation from Trustees to RSM, required to complete the audit, is attached as Appendix B.

3. Financial Implications

3.1 The Trust's net movement in funds (movement in reserves) for the year was a £3.6 million inflow (2024: £52.0 million outflow). The Trust continues to maintain a strong cash balance and has net assets (reserves) at 31 March 2025 of £448.9 million (2024: £445.3 million).

4. Recommendations

4.1 Trustees are asked to:-

- a) approve the Annual Report and Accounts for the year to 31 March 2025 attached as Appendix A;
- b) authorise the Chair and the Chair of Audit & Governance Advisory Committee to sign the accounts; and
- c) authorise the Chair to sign the Letter of Representation reproduced as Appendix B.

Reference: TA2

Report Number: CT2509017

Shetland Charitable Trust

**Trustees' report and consolidated
financial statements**

Charity number SC027025

For the year ended 31 March 2025

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Chair's Introduction

The last 12 months have been a busy one for both the Trust and Trustees as the new strategy entered the implementation phase. This has seen the launch of the new Large Grant scheme, Small Grant Scheme, and the new Innovation Grant Scheme.

As Trustees' terms of office come to a close, there is always a sense of renewal and regeneration for the trust as new Trustees are appointed, bringing a wealth of experience and enthusiasm. I would like to extend my thanks to Margaret Roberts and Yvette Hopkins, who have now left the Trust, for their contributions and helping make the trust what it is today. Also, to welcome Andy Turnbull, who is joining the Trust.

I would like to thank all Trustees for their contributions and dedication during the last year and also thank my fellow committee chairs, Ryan Leith (Audit & Governance Advisory Committee) and Ryan Stevenson (General Purposes Advisory Committee), for their contributions.

The health of our investments has dropped from their peak during the pandemic but remains at the upper end of the Investment Plan for 2020 - 2025.

Importantly, good stewardship of our investments ensures that the Trust can continue to commit to significant levels of disbursement as we transition to the Trusts new strategy and associated plans. For example, total disbursements of £52.6 million are forecast over the duration of the 2025–2030 period, reflecting a 20% increase in grant allocations compared to the previous five-year strategy.

The Capital Works Bridging Loan Scheme continues to be a benefit to organisations with its value being recognised by participating organisations. This scheme continues to support the leveraging of external funds into Shetland for worthwhile community projects.

The Capital Grant Scheme, established to assist key partners with essential repair and maintenance needs, remains in place. While progress has been slower than expected, adjustments have been made in response to feedback. The scheme is expected to reopen for new applications in the near future.

Trust staff continue to perform an excellent job supporting the work of the Trust and Trustees in a highly professional and effective manner, whilst also providing support to the many funded organisations, both current and future. Trust business and meetings have embraced the hybrid style with the technology continually improving to enable Trustees and staff to come together no matter the geography. A truly effective team.

R M Leask

Chair

11 September 2025

Trustees' Report

Section 1: Reference and Administrative Details

Name	Shetland Charitable Trust		
Scottish Charity Number	SC027025		
Address	22-24 North Road, Lerwick, Shetland, ZE1 0NQ		
Trustees			
R M Leask, Chair		E Miller	
R J Stevenson, Vice Chair		B Mouat	
E J Adamson		J T Nicolson	
A P Ferguson		R N Risk	
S M Gray		M I Roberts (resigned 31 May 2025)	
Y C Hopkins (resigned 10 January 2025)		A Turnbull (appointed 5 June 2025)	
R C Leith			
Chief Executive	Dr Ann Black		
Bankers	Bank of Scotland 117 Commercial Street Lerwick ZE1 0DL		
Auditor	RSM UK Audit LLP St Olaf's Hall, Church Road Lerwick, Shetland ZE1 0FD		
Solicitors – Governance And charity law	Turcan Connell Princes Exchange 1 Earl Grey Street Edinburgh EH3 9EE	Commercial	Dentons 9 Haymarket Square Edinburgh EH3 8RY
Investment Managers	Insight Investment Management (Global) Limited 160 Queen Victoria Street, London, EC4V 4LA <i>(Redemption Instruction: 16 May 2025)</i> BlackRock Global Investors Limited Drapers Gardens 12 Throgmorton Avenue London EC2N 2DL Schroders Property Managers 1 London Wall Place London EC2Y 5AU <i>(Redemption Instruction: 15 August 2024)</i> Baillie Gifford & Co Calton Square 1 Greenside Row Edinburgh EH1 3AN		

J. P. Morgan Asset Management
60 Victoria Embankment
London
EC4Y 0JP (Appointed: 13 February 2025)

Partners Group
33 Charterhouse Street
London
EC1M 6HA (Appointed: 13 February 2025)

Custodian The Northern Trust Company
50 Bank Street
Canary Wharf
London
E14 5NT

Investment Monitor The Northern Trust Company
50 Bank Street
Canary Wharf
London
E14 5NT

Investment Consultants Isio Group Limited
110 George Street
Edinburgh
EH2 4LH

Section 2: Structure, Governance and Management

Governing Document

The current Shetland Charitable Trust (the Trust) was established in 1997, thereafter Trustees agreed to adopt a reorganisation scheme approved by OSCR. The Deed of Trust was registered in the Books of Council and Session on 27 September 2012 and updated in 2017, and again in 2019.

The Trust Deed and its schedules:

- appoint Trustees;
- state the charitable purposes of the Trust; and
- set out the powers of the Trustees.

Charitable Status

The Trust appears in the Scottish Charity Register, number SC027025, maintained by the Office of the Scottish Charity Regulator (OSCR). In addition, any tax relief received by the Trust is overseen by HM Revenue and Customs (HMRC). The Trust has to demonstrate to these regulators, that its activities remain charitable and generate public benefit.

Board of Trustees

The Trust has up to twelve appointed Trustees.

Trustee vacancies are advertised and individuals are recruited through an open and transparent process. A Selection Panel, whose work is overseen by the Audit and Governance Advisory Committee, undertakes this process. The Panel's recommendations are then presented to the full Board of Trustees (the Board) for approval.

The Board meets at least four times each year to set and oversee the delivery of the Trust's strategy. A list of the Trustees are detailed on page 2 of this report.

Three advisory committees support the work of the Trust throughout the year. They oversee the work of the Trust and make recommendations to the Board.

Audit and Governance Advisory Committee

The Audit and Governance Advisory Committee meet at least 3 times each year to oversees the systems of internal controls on financial and governance matters, recruitment of Trustees and risk management. It also reviews the draft annual financial statements and considers reports from the Trust's external auditors.

General Purposes Advisory Committee

The General Purposes Advisory Committee meet at least 4 times each year to oversees the Trust's Strategic and Disbursement Plans. It monitors the service performance of organisations that the Trust provides grant assistance to. It also considers the Trust's public relations and media activities.

Investment Advisory Committee

The Investment Advisory Committee meet at least 4 times each year to oversees the Trust's Investment Plan and its implementation. It also monitors the performance of external and local investments.

Management and Administration

The Trust is managed and administered by a team of four directly employed staff. The Chief Executive's role is to ensure that the charitable activities carried out by the Trust are in furtherance of its purposes, represent value for money and complement the needs and aspirations of the community. This must all be in accordance with the Trust Deed and the law.

The Chief Executive is also responsible for the effective management of the Trust's investments. This includes ensuring that charitable status is retained and putting in place effective investment policies. Some specialist services are purchased from other providers, under various service level agreements.

The Trust's procedures are governed by a set of Administrative Regulations.

Minutes

The public minutes of all meetings of the Board, together with the relevant reports, are available electronically through the Trust's website. www.shetlandcharitabletrust.co.uk.

Subsidiary Companies

The Trust has three wholly owned subsidiary companies. The following are the directors of the companies:

**Shetland Heat Energy
and Power Limited
(SHEAP)
SC181964**

Neil Fraser
Derek Leask
William Spence
Colin Clark
Tom Wills (appointed 6 June 2024)
Justin Rhodes (appointed 6 June 2024)

C.T. Shetland (T.M.) Limited is a dormant company whose present purpose is to register and own certification trademarks, for example knitwear trademarks.

**C. T. Shetland (T.M.) Limited
SC072648**

M I Roberts (resigned 31 May 2025)
R N Risk (appointed 1 June 2025)

SCT Renewables Limited has a 90% interest in Viking Energy Shetland LLP 'the Shetland Partner' in the Viking Energy Partnership.

**SCT Renewables Limited
SC256581**

R J Stevenson

Risk Management

The Board is responsible for the risks faced by the Trust.

The Trust has a risk management process designed to identify the major risks that could impact on the aims of the Trust's Strategic Plan. This process identifies the major risks the Trust faces, the likelihood of occurrence, the significance of the risk, and any mitigating controls that are in place. It also seeks to identify any actions and resources required to manage these risks further.

The Audit & Governance Advisory Committee has overall responsibility for the management of the risk assessment process. Each of the Advisory Committees ensures the risks associated with their terms of reference are reviewed regularly to identify the steps required to mitigate these risks. All recommendations from the Advisory Committees are reported annually to the Board for consideration and approval.

Trustees approved the risk assessment for 2025/26 on 13 February 2025. The four area of activities and potential risks are detailed below:

No.	Risk	Lead Committee
1	Supporting Charitable and Community Organisations	General Purposes Advisory Committee
2	Investment and Asset Management	Investment Advisory Committee
3	Governance and Management of SCT	Audit and Governance Advisory Committee
4	External Relations	General Purposes Advisory Committee

Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditor is unaware; and each Trustee has taken all steps that he/she ought to have taken as a Trustee to make himself/herself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Section 3: Objectives and Activities

The purpose of the Trust is to use its available funds to benefit and improve the quality of life of all people living in Shetland, and to preserve the Trust reserves for future generations.

In 2019, the Trust launched its Strategy 2020-25. The Strategy set out the Trust's aims and objectives for the next five years.

Ambition

Over the period 2020-2025, the Trust will seek to use its funding:

- To improve the quality of life for all the people of Shetland;
- To achieve a positive impact against the Trust Strategic Objectives through its disbursement decisions;
- To promote inclusion and reduce inequalities in Shetland;
- To demonstrate the impact and outcomes of Trust funding.

The Trust will continue to improve the quality of life for the people of Shetland. The Trust will target its funding where impact, positive change and outcomes, can be demonstrated and shown to be delivered.

Objectives

The strategic objectives of the Trust 2020-2025 are:

- To enhance provision of services and activities, aligned to the Trust's ambition, and beyond the obligation of statutory services;
- To support the services and activities provided by the three large Trusts in Shetland;
- To support voluntary sector services in Shetland;
- To support, if appropriate, the core revenue costs of organisations where there is difficulty in sourcing alternative external funding to maintain or enhance the services provided.

The ambition to promote inclusion and reduce inequalities in Shetland will be a central theme for the Trust over 2020-2025, across all its funding commitments.

Operational Plans

The Strategy has guided the development of the Financial Plan, Disbursement Plan, and Investment Plan for the period 2020-2025. Further details are available on the Trust's website.

Financial Objectives

The Trustees have endorsed a long-term financial strategy aimed at preserving the real value of the reserves by limiting annual expenditure to the average investment growth above inflation. In 2019, they approved a Financial Plan for 1 April 2020 to 31 March 2025, which relies on this growth to fund annual expenditures. This approach ensures that inflation-protected reserves are maintained for future generations, consistent with the Trust's purpose. For the 2020-2025 Strategy period, the Financial Plan assumes an average annual return of 3.5% above inflation.

A maximum budget of £12.75 million has been set for the year ending 31 March 2026, in line with the new Financial Plan for 2025-2030. This framework also safeguards the Trust's funds against adverse investment performance.

Budgets and Disbursements

Each year, the Board approves a budget for the forthcoming financial year. The budget, actual expenditure, and prior year comparisons are provided in the tables on pages 7 and 8.

In 2019, the Trustees approved a Disbursement Plan for 2020-2025 to ensure funds support applications aligned with the Trust's purpose and strategic objectives. During this period, the Trust operated a Main Grant Scheme for larger organisations, a Small Grant Scheme for smaller organisations, and a Capital Grant Scheme, which has a maximum allocation of £12.0 million.

Section 4: Achievements and Performance

During the year ended 31 March 2025, the Trust provided grant funding to support a wide range of social, leisure, cultural, heritage, and environmental activities across Shetland.

Core and project funding was awarded to the following organisations:

- **Shetland Recreational Trust** – to support leisure and sports facilities throughout Shetland.
- **Rural Care Model** – to enhance community care services exceeding typical local authority provision.
- **Shetland Amenity Trust** – to sustain heritage and cultural services.
- **Shetland Arts Development Agency** – to deliver programmes in dance, drama, theatre, film, literature, music, crafts, and visual arts.
- **Shetland Islands Citizens Advice Bureau** – to provide general and targeted advice services, including a dedicated fuel poverty service.
- **COPE Ltd** – to offer placements, training, and employment for adults with learning and physical disabilities.
- **Voluntary Action Shetland** – to support the voluntary sector through advisory services, operation of Market House, and Shetland Carers.
- **Shetland Women's Aid** – to expand support and therapy services for women, children, and young people, including safe accommodation.
- **Royal Voluntary Service** – to enhance community projects for elderly and disabled people.
- **Mind Your Head** – to support mental health programmes for those below the threshold for medical intervention.
- **Shetland Link Up** – to provide a meeting place and support for individuals affected by mental health issues.
- **Shetland Befriending Scheme CYP** – to offer befriending for young people, promoting welfare and development.
- **Shetland Care Attendant Scheme** – to provide in-home respite for carers through professional care services.
- **Shetland Rape Crisis** – to strengthen core provision, prevention, advocacy, and therapeutic support services.
- **Gaada** – to support community art initiatives, particularly for individuals with disabilities.
- **Ability Shetland** – to fund a Disability Sports Development Coordinator, encouraging participation in sport.
- **Moving On Employment Service** – to deliver a transition service helping young people achieve employment goals.
- **Who Cares? Scotland** – to continue support for care-experienced children, young people, and young adults.
- **OPEN** – to maintain peer education, mentoring, research, Da Café, and steering group activities.

- **The Swan Trust** – to assist with the maintenance, operation, and promotion of the Swan sailing vessel.
- **Alzheimer Scotland** – to sustain dementia support activities in Shetland through continued funding of a Dementia Adviser.
- **Dogs Against Drugs** – to deliver drug education programmes in schools.
- **Clan Cancer Support** – to provide a dedicated Children and Families Service supporting young people through cancer.
- **Voluntary Action Shetland – Shetland Carers** – to support unpaid carers with health, wellbeing, and respite opportunities.
- **Shetland Community Connections** – to expand capacity for Self-Directed Support for young people transitioning to adulthood.
- **Shetland Befriending Scheme 16+** – to support individuals over 16 managing independent living.
- **NSPCC Scotland** – to deliver the “Speak out Stay safe” programme in schools, educating children on abuse, neglect, and where to seek help.

Charitable Expenditure

	2024/25 budget	Actual spend to 31 March 2025	Actual spend to 31 March 2024
	£	£	£
<u>Main Grant Scheme Awards</u>			
Shetland Recreational Trust	3,389,200	3,750,493	3,656,500
Support to Rural Care Model	1,986,200	1,986,200	1,986,200
Shetland Amenity Trust	1,261,700	1,261,700	1,230,900
Shetland Arts Development Agency	752,400	886,945	891,600
Shetland Islands Citizens Advice Bureau	286,000	286,000	279,100
COPE Ltd	242,300	242,300	236,400
Voluntary Action Shetland (VAS)	230,300	230,300	224,600
Shetland Women’s Aid	105,100	105,100	102,500
Royal Voluntary Service	67,400	67,400	65,700
Mind Your Head	63,500	63,500	-
Shetland Link Up	58,000	58,000	57,500
Shetland Befriending Scheme CYP	56,200	56,200	55,100
Shetland Care Attendant Scheme	54,300	54,300	53,000
Shetland Rape Crisis	48,000	48,000	46,800
Gaada	30,000	30,000	45,000
Ability Shetland	33,500	33,500	40,000
Moving On	37,700	37,700	36,800
Who Cares? Scotland	35,300	35,300	34,500
OPEN	32,900	32,900	32,100
The Swan Trust	29,700	29,700	29,000
Alzheimer Scotland	23,000	23,000	23,000
Dogs Against Drugs	21,500	21,500	21,000
Clan Cancer Support	20,500	20,500	20,300
Shetland Community Connections	17,700	17,700	17,700
Shetland Befriending Scheme 16+	13,600	13,600	13,300
NSPCC Scotland	4,000	-	-
Sub Total Organisations	8,900,000	9,391,838	9,198,600
 <u>Capital Grant Scheme</u>			
Shetland Recreational Trust	-	-	2,226,000
Sub Total Capital Grant Fund	-	-	2,226,000
 <u>Grant Schemes</u>			
Small Grant Scheme	100,000	47,200	38,149
Sub Total Schemes	100,000	47,200	38,149

Surplus Grants Refunded	-	(13,396)	(17,556)
Sub-total charitable expenditure	9,000,000	9,425,642	11,445,193
Trust Administration, including governance costs	985,000	846,110	687,230
Total	9,985,000	10,271,752	12,132,423

The Trust permits funded organisations to retain reserves equivalent to up to three months of their grant to cover unforeseen expenses and support cash flow management. It has also collaborated with these organisations to establish a service performance reporting system. In September 2024, the Trustees reviewed a detailed progress report outlining the impact of the Trust's funding on individuals and communities. They were satisfied that most organisations were meeting their stated targets.

Additionally, the Trust operates a Capital Works Bridging Loan Scheme, established in 2010, to provide interest-free, short-term loans to community organisations undertaking capital projects. This scheme supports organisations that have secured grant funding but can only claim grants upon project completion. It helps to mitigate cash flow challenges and enables these community projects to proceed without delay.

Total charitable expenditure and administration costs are shown before adjustment for pension adjustments under FRS 102 totalling £17,000 (2024 - £3,000).

Section 5: Financial Review

Investment and Financial Overview

The Board invests the Trust's reserves to generate income for charitable purposes while safeguarding their real value over time. As at 31 March 2025, the value of these invested reserves (excluding Donated Properties) stood at approximately £432 million, a slight increase from £431 million in 2024.

The Trust's income is primarily derived from global investments, which generated £11.3 million in returns over the year. Additionally, around £0.4 million was earned from investments in Shetland during 2024/25.

Under the Trust Deed, all funds are unrestricted, and there is no distinction between capital and revenue. Consequently, reported deficits in general funds and the pension reserve have no operational impact.

To minimise risk, the Trust maintains a well-diversified portfolio and obtains professional advice on asset allocation. Trustees exercise discretion in applying these unrestricted reserves in accordance with the Trust's objectives and Financial Plan.

Review of Spending

During 2024/25 the Trust spent £11.9 million (2024 - £13.6 million) on grant making, support costs and expenditure on raising funds, in line with the approved budget for the year. Grant making expenditure for the year was £9.4 million (2024 - £11.4 million). The maximum budget to support charitable activities for 2025/26 has been set at £12.75 million.

Investment Review

The Trust's capital is invested by the Board externally with four fund managers and locally in three subsidiary companies. The Trust also receives rental income from the land at the Sullom Voe terminal.

Externally Managed Investments

The market value of the Trust's external investments is £432.3 million (2024 - £430.8 million). A breakdown of the Trust's external investments is detailed below:

Manager	Mandate	Market Value	Market Value
		2025 (£m)	2024 (£m)
Bailie Gifford	Active Equities	196.8	196.1
Black Rock	Passive Equities	109.5	111.0
Schroders	UK Property	76.4	73.5
Insight	Diversified Growth	49.6	50.2
Total		432.3	430.8

The growth in investment values combined with dividend income resulted in a profit of £11.3 million for the year (2024: £61.3 million), representing a return of 2.6% (2024: 17.5%).

International markets were strong throughout 2024, with US and UK equities performing particularly well into February 2025. However, market volatility driven by US trade policies led to the sharpest quarterly decline of the US dollar in decades during Q1 2025, shifting investor focus toward emerging and European markets.

The Trust's Financial Plan 2020-2025 was based on achieving a medium-term return of 6.5% per annum, necessary to fund planned expenditure and maintain the real value of reserves. In addition, the Trust sets benchmark returns for each fund manager to evaluate their performance. The table below presents the overall returns achieved relative to these benchmarks.

Annulised Performance over	Actual Return %	Benchmark %	Over / Under Performance %
1 Year	2.6	6.3	(3.7)
3 Years	2.6	5.9	(3.3)
5 Years	10.1	11.2	(1.1)

The return over the fiscal year and three-year period is below composite benchmark return and the Financial Plan target return. With a longer-term lens, the Trust's external investments have exceeded the Financial Plan target return over the five-year period, however this is below the composite benchmark return.

Local Investments

Shetland Heat Energy and Power Limited (SHEAP) is a wholly owned subsidiary of the Trust, set up to operate the Lerwick District Heating Scheme. SHEAP has over 1,200 customers receiving heat and the company generated income of around £3.3 million in 2024/25. SHEAP recorded a profit in 2024/25, however no gift aid payment is proposed to be made to the Trust.

SCT Renewables Limited is a 100% owned subsidiary of the Trust. Viking Energy Shetland LLP is a 90% owned subsidiary of SCT Renewables Limited and the Trust has invested £10.0 million as at 31 March 2025. It is a partner in the Viking Energy project, which is a wind farm project in central Shetland.

C.T. Shetland (T.M.) Limited does not trade. The purpose of the company is to register and own certification trademarks, for example, the knitwear trademark known as *The Shetland Lady*.

Decisions about Investments

The Board is legally obligated to seek appropriate advice and to exercise the prudence expected of a commercial investor when managing the Trust's capital. This requires careful consideration of returns, capital growth, and risk across all investments, whether in global markets or local assets. The Trust must ensure its investments are managed to generate income and grow in value, maintaining a commercial standard without applying charitable concessions.

The Trust's Investment Plan for 2020–2025, approved in 2019, allocates assets as follows: 75% in equities, 15% in property, and 10% in a diversified portfolio of other assets. This Plan, initially established in 2016 and subsequently reviewed in 2018/19 and 2021/22, is designed to maintain diversification and support long-term growth in returns.

Section 6: Strategic Review and New Plans for 2025–2030

In autumn 2023, the Trust commenced a comprehensive strategic review, supported by external consultants, to develop a new five-year strategy for 2025–2030. This process concluded with the strategy's approval by Trustees in February 2024.

Building on insights from the previous period, the new strategy aims to enhance quality of life in Shetland through five key goals:

- Community Wellbeing
- Individual Wellbeing
- Everyone Matters
- Generational Fairness
- Enabling Strong and Resilient Organisations

These goals are underpinned by the guiding principles of equality, inclusion and accessibility; sustainability; outcome-led approaches; and collaboration.

Financial and Investment Plans

In September 2024, the Trust approved its new Financial Plan for 2025–2030, targeting a medium-term return of 7.5% per annum to support planned expenditure and preserve the real value of reserves.

Alongside this, the Trust developed a new Investment Plan in consultation with its advisers. This plan introduces infrastructure equity and private credit as new asset classes, and phases out property and diversified growth mandates. Following a competitive process, new fund managers, Partners Group and JP Morgan, were appointed. The Investment Plan allocates assets as follows: 70% equities, 15% private credit, and 15% infrastructure equity.

Disbursement Plan and Grant Schemes

A new Disbursement Plan for 2025–2030, also approved in September 2024, increases the maximum grant allocation to £52.6 million over five years. As part of a review of grant schemes, the Main Grant Scheme has been replaced with a Large Grant Scheme, which has already awarded £9.7 million to 26 organisations in FY25/26. Most recipients have received indicative five-year awards, providing greater financial stability, and notably, two are new grantees.

The Small Grant Scheme remains open to new applications, complemented by a new Innovation Grant Scheme designed to help organisations explore and pilot new ideas. Progress on the Capital Grant Scheme has been slower than anticipated, but recent developments mean eligible organisations will soon be invited to submit applications.

Section 7: Going Forward

The implementation of the new strategic plan projects total disbursements of £52.6 million over the duration of the 2025–2030 period, reflecting a 20% increase in grant allocations compared to the previous five-year strategy.

Prudent stewardship of the Trust's investments ensures that this level of commitment can be sustained throughout the life of the strategy. Work to fully transition to the new strategic framework remains ongoing.

A central element of the new strategy is the strengthening of engagement with recipient organisations. Regular quarterly meetings with major trusts have evolved into substantive discussions concerning both present challenges and future priorities, and a process to engage with other Large grant recipients is being developed. The Trust remains committed to continually developing and refining its grant-making schemes to ensure that its reserves are effectively deployed to enhance the quality of life in Shetland.

R M Leask
Chair

11 September 2025

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

Under charity law, the Trustees are responsible for preparing a Trustees' Annual Report and financial statements for each financial year which show a true and fair view of the state of affairs of the group and the charity and of the group's and the charity's excess of income over expenditure for that period. The Trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the charity or to cease operations, or have no realistic alternative but to do so.

The Trustees are required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the Trustees to ensure that, where any statements of accounts are prepared by them under the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 (as amended), those statements of accounts comply with the requirements of regulations under that Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF SHETLAND CHARITABLE TRUST

Opinion

We have audited the financial statements of Shetland Charitable Trust (the 'charity') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Trust Statement of Financial Activities, the Consolidated Balance Sheet, the Trust Balance Sheet, the Consolidated Cash Flow Statement 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2025 and of the group's and the parent charity's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' annual report; or
- proper accounting records have not been kept by the parent charity; or
- the parent charity 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.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out on page 11, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

In preparing the financial statements, the Trustees are responsible for assessing the group's and charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 our 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework, that the group and parent charity operates in and how the group and charity is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the charity's governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and employment legislation. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected minutes and the risk register for monitoring of controls in place. We corroborated a sample of the payroll transactions and evaluated the compliance with associated employment and tax legislation.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
St Olaf's Hall
Church Road
Lerwick
Shetland
ZE1 0FD

11 September 2025

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities

for the year ended 31 March 2025

	Note	Unrestricted funds		2025 Total £000	2024 Total £000
		General funds £000	Expendable endowment £000		
Income and endowments from					
Other trading activities	6	3,282	-	3,282	2,987
Investments		3,393	-	3,393	3,619
Donations		-	-	-	216
Rental income		393	-	393	523
Other income		16	-	16	-
		—	—	—	—
Total income and endowments		7,084	-	7,084	7,345
		—	—	—	—
Expenditure on					
Expenditure on raising funds	6	(2,981)	-	(2,981)	(2,842)
Investment Management		-	(1,639)	(1,639)	(1,448)
Charitable activities	2	(10,289)	-	(10,289)	(12,135)
		—	—	—	—
Total expenditure		(13,270)	(1,639)	(14,909)	(16,425)
		—	—	—	—
Net profits on investments	11	-	11,347	11,347	61,306
		—	—	—	—
Net income/(expenditure)		(6,186)	9,708	3,522	52,226
Gross transfers between funds	11,12	6,482	(6,482)	-	-
Other recognised gains and losses					
Actuarial (losses)/gains in defined benefit pension scheme	15	405	-	405	(78)
Non-controlling interest share of net income/ expenditure		-	-	-	-
		—	—	—	—
Net movement in funds attributable to the charity		701	3,226	3,927	52,148
Fund balances brought forward attributable to the charity	11,12	273	445,661	445,934	393,786
		—	—	—	—
Fund balances carried forward attributable to the charity	11,12	974	448,887	449,861	445,934
		—	—	—	—
Non-controlling interest share of net income/ expenditure		(1)	-	(1)	(1)
Other changes in non-controlling interests		-	-	-	-
Fund balances brought forward attributable to non-controlling interest		813	-	813	814
		—	—	—	—
Fund balances carried forward attributable to non-controlling interests		812	-	812	813
		—	—	—	—
Total group funds carried forward	11, 12	<u>1,786</u>	<u>448,887</u>	<u>450,673</u>	<u>446,747</u>

Trust statement of financial activities

for the year ended 31 March 2025

	Note	Unrestricted funds		2025	2024
		General funds £000	Expendable endowment £000	Total £000	Total £000
Income and endowments from					
Income from investments		3,393	-	3,393	3,619
Other investment income (Gift Aid receipts from subsidiary undertakings)		-	-	-	-
Rental income		393	-	393	523
Other income		15	-	15	216
Total income and endowments		3,801	-	3,801	4,358
Expenditure on:					
Expenditure on raising funds		-	(1,639)	(1,639)	(1,448)
Provision made against equity investment	6	(11)	-	(11)	(12)
Charitable activities	2	(10,289)	-	(10,289)	(12,135)
Total expenditure		(10,300)	(1,639)	(11,939)	(13,595)
Profit / (Loss) on investment assets	11	-	11,347	11,347	61,306
Net income/(expenditure)		(6,499)	9,708	3,209	52,069
Gross transfers between funds	11,12	6,482	(6,482)	-	-
Other recognised gains/(losses)					
Actuarial gains/(losses) in defined benefit pension scheme	15	405	-	405	(78)
Net movement in funds		388	3,226	3,614	51,991
Total funds brought forward	11,12	(388)	445,661	445,273	393,282
Fund balances carried forward		-	448,887	448,887	445,273

All funds are unrestricted income funds. The incoming resources and resulting net movement in funds all arose from continuing operations. All gains and losses recognised in the year are included above.

The notes on pages 20 to 34 form a part of the financial statements.

Consolidated balance sheet

as at 31 March 2025

	Note	2025 £000	2025 £000	2024 £000	2024 £000
Fixed assets					
Tangible assets	4		5,117		4,852
Investments	5	432,299		430,837	
Programme-related investments	6	6,651		6,639	
			<u>438,950</u>		<u>437,476</u>
Total fixed assets			<u>444,067</u>		<u>442,328</u>
Current assets					
Stocks		143		77	
Debtors	7	2,329		2,097	
Cash at bank and in hand	8	10,007		9,102	
			<u>12,479</u>	<u>11,276</u>	
Total current assets					
Creditors: amounts falling due within one year	9	(5,458)		(6,157)	
			<u>7,021</u>		<u>5,119</u>
Net current assets					
			<u>451,088</u>		<u>447,447</u>
Total assets less current liabilities					
Provisions for liabilities and charges	10		(415)		(312)
			<u>450,673</u>		<u>447,135</u>
Net assets excluding pension liability					
Pension liability	15		-		(388)
			<u>450,673</u>		<u>446,747</u>
Net assets including pension liability					
Represented by:					
Expendable endowment	11		448,887		445,661
Unrestricted income funds:	12				
General funds			-		-
Trading funds			974		661
			<u>974</u>		<u>661</u>
Unrestricted income funds excluding pension reserve					
Pension reserve	15		-		(388)
			<u>974</u>		<u>273</u>
Total unrestricted income funds	12				
			<u>449,861</u>		<u>445,934</u>
Group funds attributable to the Charity			812		813
Non-controlling interest					
			<u>450,673</u>		<u>446,747</u>
Total group funds					

These financial statements were approved by the Trustees on 11 September 2025 and were signed on their behalf by:

R M Leask
Chair

R C Leith
Trustee

The notes on pages 20 to 34 form a part of these financial statements.

Trust balance sheet

as at 31 March 2025

	<i>Note</i>	2025 £000	2025 £000	2024 £000	2024 £000
Fixed assets					
Tangible assets	4		23		23
Investments	5	432,299		430,837	
Programme-related investments	6	12,316		12,327	
			<u>444,615</u>		<u>443,164</u>
Total fixed assets			444,638		443,187
Current assets					
Debtors	7	1,349		1,184	
Cash at bank and in hand	8	7,039		6,171	
			<u>8,388</u>	<u>7,355</u>	
Total current assets		8,388		7,355	
Creditors: amounts falling due within one year	9	(4,139)		(4,881)	
			<u>4,249</u>		<u>2,474</u>
Total assets less current liabilities			448,887		445,661
Provision for liabilities and charges	10		-		-
			<u>448,887</u>		<u>445,661</u>
Net assets excluding pension liability			448,887		445,661
Pension liability	15		-		(388)
			<u>448,887</u>		<u>445,273</u>
Net assets including pension liability			448,887		445,273
Represented by:					
Expendable endowment	11		448,887		445,661
Unrestricted income funds:					
General funds	12		-		-
Pension reserve	15		-		(388)
			<u>-</u>		<u>(388)</u>
Total unrestricted income funds	12		-		(388)
			<u>448,887</u>		<u>445,273</u>
Total Trust funds			448,887		445,273

These financial statements were approved by the Trustees on 11 September 2025 and were signed on their behalf by:

R M Leask
Chair

R C Leith
Trustee

The notes on pages 20 to 34 form a part of these financial statements.

Consolidated cash flow statement

for the year ended 31 March 2025

Cash flows from operating activities	<i>Note</i>	2025	2024
		£000	£000
Net outgoing resources before other recognised gains and losses		3,521	52,226
<i>Adjustments for:</i>			
Investment income and interest receivable		(3,393)	(3,619)
Less rental income		(393)	(523)
Depreciation and impairment of tangible fixed assets	4	261	245
Loss on fixed assets	4	19	12
Movement in pension liability, excluding actuarial gains and losses	12	17	3
(Gains)/Losses on investment assets	5	(11,347)	(61,306)
(Increase)/Decrease in stock		(66)	(40)
(Increase)/Decrease in debtors	7	(32)	(160)
(Decrease)/Increase in creditors	9	(699)	1,446
Increase in provisions	10	103	62
		<hr/>	<hr/>
Net cash flow from operating activities		(12,009)	(11,655)
		<hr/>	<hr/>
Cash flow from investment activities			
Purchase of managed funds investments	5	(14,070)	(15,725)
Purchase of tangible fixed assets	4	(545)	(292)
Sale of managed funds investments	5	25,224	17,661
Net movement in cash flows attributable to managed fund Investments	5	(1,268)	5,691
Investments:			
Movement in Programme related investment	6	(12)	(5)
Investment income and interest received		3,393	3,619
Rental income		393	523
Movement in capital works bridging loans	7	(200)	(161)
		<hr/>	<hr/>
Net cash flow from investing activities		12,915	11,311
		<hr/>	<hr/>
Cash flow from financing activities			
Investment income and interest received		-	-
		<hr/>	<hr/>
Net cash flow from financing activities		-	-
		<hr/>	<hr/>
Net increase in cash and cash equivalents		906	(344)
Cash and cash equivalents at 1 April	8	9,102	9,446
		<hr/>	<hr/>
Cash and cash equivalents at 31 March	8	10,007	9,102
		<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's financial statements.

1.1 Basis of preparation

The financial statements have been prepared under the historical cost accounting rules, as modified by the revaluation of investments and in accordance with the provisions of the Trust Deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (as amended for accounting periods on or after 1 January 2019).

The financial statements are prepared in sterling, which is the functional currency of the group and charity. Monetary amounts in these financial statements are rounded to the nearest £1,000. Shetland Charitable Trust meets the definition of a public entity under FRS 102. The financial statements have been prepared in compliance with FRS 102. Assets and liabilities are initially recognised at historic cost or transaction value unless otherwise stated in the relevant accounting policy note.

Shetland Charitable Trust has three 100% owned subsidiary companies which are trading. The Trust and its subsidiaries are considered qualifying entities under FRS 102 paragraphs 1.8 to 1.12. The following exemptions are available:

- No separate Trust Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time;
- The disclosures required by FRS 102.11 Basic Financial Instruments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 17. The charity's business activities, together with the factors likely to affect its future development, performance and position are set out in the Trustee's Report on pages 2 to 10. The financial position of the charity, its cash flows, liquidity position and borrowing facilities are described in the financial statements on pages 16 to 20. In addition, pages 5 and 6 of the Trustees report include the charity's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The charity has considerable financial resources together with long-term investments with a number of fund managers across different geographic areas and industries. As a consequence, the Trustees believe that the charity is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.2 Basis of consolidation

These financial statements consolidate the assets and liabilities of the charity and its subsidiaries, Shetland Heat Energy and Power Limited, SCT Renewables Limited (formerly known as Viking Energy Limited) and Viking Energy Shetland LLP, on a line by line basis. The income and expenditure of these subsidiaries are also consolidated on a line by line basis, where appropriate.

In accordance with FRS 102, Gift Aid payments are accounted for in the subsidiary undertakings in the year in which an irrevocable commitment to make a payment has been made.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Any non-controlling interest in subsidiaries is recognised at the non-controlling interest's share of the net assets at acquisition date adjusted for their share of losses to date.

1.3 Fund accounting

All funds of the Trust are unrestricted, to be used in accordance with the charitable objectives of the Trust at the discretion of the Trustees. The expendable endowment represents the long-term investment funds of the Trust. The unrestricted income funds include the Trust's general funds, which represent the annual operating funds of the Trust, and the trading funds.

The trading funds represent the accumulated results of Shetland Heat Energy and Power Limited, SCT Renewables Limited and Viking Energy Shetland LLP, adjusted to remove Gift Aid payments to the Trust by those companies.

1.4 Income and endowments from other trading activities and rental income

Turnover in Shetland Heat Energy and Power Limited represents the amounts (excluding value added tax) derived from the supply of hot water for heating systems and arises entirely in the United Kingdom.

Turnover in SCT Renewables Limited represents miscellaneous income only as the company is not yet trading fully. Turnover in Viking Energy Shetland LLP represents miscellaneous income only as the company is not yet trading fully.

Investments

Dividends are included within incoming resources when they are receivable. Loan interest is included in the statement of financial activities on an accruals basis.

1.5 Expenditure

Charitable expenditure is recognised when it is payable. The Trust has given commitments to certain charitable bodies to provide ongoing revenue funding and to finance various capital projects. In view of the long-term nature of these commitments which are subject to review, combined with the uncertainty as to the amounts involved, these commitments are accounted for only when irreversible decisions on funding are communicated to the charitable bodies.

Support costs are directly attributable to the Trust's charitable activities and are recorded within the "charitable activities" section of resources expended in the statement of financial activities.

Cost of generating funds

The cost of generating funds represents fund managers' fees.

Governance costs

Governance costs comprise the costs associated with the Trust's compliance with charity regulation and good practice and include related professional fees.

1.6 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Trust's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Grants

Capital based grants received by the Trust's subsidiary undertakings are included within accruals and deferred income on the balance sheet and credited to activities for generating funds over the estimated useful economic lives of the assets to which they relate.

1.8 Investments

Managed fund investments are stated at market value. Realised and unrealised gains and losses arising on these investments are taken to the expendable endowment and are included within other recognised gains and losses in the statement of financial activities. Where investments are transferred between investment managers, an amount equal to the unrealised gains or losses on the investments as at the time of transfer is taken to the expendable endowment.

Investments in subsidiary undertakings are stated at cost less provisions. Any provisions made against these investments are charged to the expendable endowment.

1.9 Tangible fixed assets and depreciation

All expenditure incurred on tangible fixed assets is capitalised irrespective of its value (i.e. there is no minimum level above which assets purchased are capitalised). Tangible fixed assets are capitalised at cost.

Depreciation is charged to the expendable endowment to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	-	7 to 10 years
Fixtures and fittings	-	3 to 5 years
Plant and machinery	-	10 years
District Heating Infrastructure	-	30 years

The asset value of the Sullom Voe site is now fully depreciated.

Where the recoverable amount of a tangible fixed asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant resources expended category in the statement of financial activities.

1.10 Investment properties

The Trust holds no investment properties.

1.11 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2011 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2011 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. There is no similar exemption for VAT.

Tax on the profit or loss of subsidiaries for the year comprises current and deferred tax. Tax is recognised in the statement of financial activities except to the extent that it relates to items recognised directly in equity or other recognised gains and losses, in which case it is recognised directly in equity or other recognised gains and losses.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.12 Employee benefits

Defined benefit plans

The Trust participates in the Local Government Pension Scheme administered by Shetland Islands Council. This scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Trust in an independently administered fund.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Trust's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Trust determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Trust's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Trust recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net

defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other recognised gains and losses in the period in which it occurs.

1.13 Stock

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

1.14 Cash and cash equivalents

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year.

2 Cost of activities in furtherance of the charity's objects

Charitable activities

The group's charitable expenditure, which mainly comprises grants payable in respect of the year, is summarised below:

	2025	2024
General funds	£000	£000
Payments to charitable organisations	9,392	11,425
Small Grant Scheme	47	38
Charitable grants repaid	(13)	(18)
Total charitable grants	9,426	11,445
Support costs, including governance costs (below)	846	687
Pension adjustments	17	3
Total charitable expenditure – general funds	10,289	12,135
Expendable endowment		
Depreciation	-	-
Total resources expended on charitable activities	10,289	12,135

Further details of the group's charitable expenditure are included in Section 4 of the Trustees' Report.

Support costs

Support costs for the year of £693,035 (2024: £531,230) principally represent administration expenses and are all deemed to be attributable to the group's charitable activities. Included within administration expenses is £322,111 (2024: £317,712) in respect of staff costs (see note 3), of which nil (2024: £nil) was charged to subsidiaries.

Governance costs

Governance costs totalling £153,074 (2024: £156,000) comprise the costs associated with the Trust's compliance with charity regulation and good practice. They include £40,000 (2024: £38,000) representing an appropriate apportionment of salary costs based on the proportion of the Chief Executives time spent on governance, together with Trustees' expenses (note 3), and audit fees (note 2) of £26,808 (2024: £26,052).

Shetland Charitable Trust
Trustees' report and consolidated financial statements
For the year ended 31 March 2025

	Total	Total
	2025	2024
	£000	£000
Allocation of staff and support costs, including Trustees' allowance and expenses (see note 3)	40	38
Other costs	86	92
External auditor's remuneration:		
Audit of these financial statements	27	26
Audit of subsidiary undertakings (excluded from charitable governance costs)	18	18
Other services: taxation in relation to subsidiary undertakings	6	5
Total governance costs	177	179

3 Staff numbers and costs

The group had an average of fifteen employees during the year (2024: fifteen). The aggregate payroll cost of these employees was as follows:

	2025	2024
	£000	£000
Wages and salaries	763	740
Social security costs	86	81
Pension costs	96	102
	945	923

Employee costs totalling nil (2024: £nil) were charged by Shetland Charitable Trust in respect of work performed by its subsidiary companies. Eleven employees worked wholly or mainly on Shetland Heat Energy and Powers Limited's activities during the year. One employee worked part-time on SCT Renewables Limited's activities during the year.

Two employees (2024: one) emoluments totalling between £100,000 and £109,999. No employee (2024: one) received emoluments totalling between £90,000 and £99,999.

Retirement benefits are accruing to these members of staff under a defined benefit pension scheme; contributions in 2024/25 totalled £5,147.

Included above are the emoluments paid to key management personnel comprising three employees totalling £260,675 (2024: three employees totalling £250,601) and £32,055 (2024: £32,129) in social security costs and £41,130 (2024: £43,630) in pension contributions. Key management personnel's remuneration is set by reference to the Local Authority salary bands.

Expenses totalling £nil (2024: £nil) were reimbursed or paid on behalf of Trustees during the year.

4 Tangible fixed assets

Group	Land and buildings	District heating scheme infrastructure	Other plant, machinery and AUC	Total
Cost or valuation	£000	£000	£000	£000
At beginning of year	11,411	5,647	1,862	18,920
Additions	-	413	132	545
Disposals	-	(4)	(15)	(19)
At end of year	11,411	6,056	1,979	19,446

Depreciation

At beginning of year	(11,388)	(1,340)	(1,340)	(14,068)
Eliminated on Disposals	-	-	15	15
Charge for year	-	(199)	(77)	(276)
At end of year	(11,388)	(1,539)	(1,402)	(14,329)

Net book value

At 31 March 2025	23	4,517	577	5,117
At 31 March 2024	23	4,307	522	4,852

Land and buildings primarily consist of the site at Sullom Voe, plus the six rural care homes, previously operated by Shetland Welfare Trust, and donated to the Trust in 2007. The rural care homes had been previously funded by the Trust and the capital grant conditions applied to the funding to Shetland Welfare Trust required any building owned by Shetland Welfare Trust to be transferred to the Trust when Shetland Welfare Trust ceased to operate (effectively 1 April 2006). These are specialised buildings in rural locations in Shetland without comparators, which mean that it is not possible to establish a meaningful valuation for them in their present use. The Trustees therefore capitalised them at original cost, in line with the Trust's accounting policy for tangible fixed assets, which they believed to be a reasonable indication of their value at the date they were donated. The buildings continue to be used as care homes, in furtherance of the Trust's charitable objects, and as such are not held for investment purposes.

The net book value of other tangible fixed assets relates to plant and machinery, fixtures and fittings held by Shetland Heat Energy and Power Limited.

Charity	Land and buildings £000	Donated Assets £000	Total £000
Cost			
At beginning and end of year	2,252	9,159	11,411
Depreciation			
At beginning of year	(2,252)	(9,136)	(11,388)
Charge for year	-	-	-
At end of year	(2,252)	(9,136)	(11,388)
Net book value			
At 31 March 2025	-	23	23
At 31 March 2024	-	23	23

5 Managed funds

	2025	2025	2024	2024
Group and Charity	Market	Cost	Market	Cost
	Value		Value	
	£000	£000	£000	£000
Equities	306,306	156,402	307,073	159,420
Diversified Investment Fund units	49,600	42,402	50,222	42,401
Property units	74,922	71,291	73,397	71,826
Total investments	430,828	270,095	430,692	273,647
Cash on deposit and in hand	1,471	1,471	145	145
	432,299	271,566	430,837	273,792

	2025	2024
	£000	£000
<i>Reconciliation of market value of investments</i>		
Market value at beginning of year	430,837	377,157
Investments purchased	14,070	15,726
Investments sold	(11,231)	(9,677)
Paydowns	(6,333)	
Total unrealised gains on managed fund investments	3,687	53,322
Movement in investment managers' cash balances, accrued income and expenses	1,268	(5,691)
Market value at end of year	432,299	430,837

As at 31 March 2025, the Trust's funds other than programme-related investments are managed by Insight Investment Management, BlackRock Global Investors, Baillie Gifford & Co. and Schroders Property Managers. The split of the portfolio between the investment managers is as follows:

	2025	2025	2024	2024
	Market	Cost	Market	Cost
	value		value	
	£000	£000	£000	£000
Insight Investment Management	49,600	42,402	50,222	42,402
BlackRock Global Investors	109,512	98,039	111,007	98,091
Baillie Gifford	196,795	58,364	196,119	61,382
Schroders Property Managers	76,392	72,761	73,489	71,917
	432,299	271,566	430,837	273,792

6 Programme-related investments

	Group		Charity	
	2025	2024	2025	2024
	£000	£000	£000	£000
Equity (below)	6,651	6,639	12,316	12,327
	6,651	6,639	12,316	12,327

Equity – Group	Shares in subsidiary undertakings £000
Cost	
At beginning of year	7,970
Cost at end of year	7,970
Provisions	
At beginning of year	(1,331)
Provided in year	12
Provisions at end of year	(1,319)
Net book value	
At 31 March 2025	6,651
At 31 March 2024	6,639

Equity – Charity	Investments in subsidiary undertakings £000
Cost	
At beginning of year	15,041
Cost at end of year	15,041
Provisions	
At beginning of year	2,714
Provided in year	11
Provisions at end of year	2,725
Net book value	
At 31 March 2025	12,316
At 31 March 2024	12,327

Programme-related investments (continued)

As stated in note 1, these consolidated financial statements include the results of the charity's wholly owned trading subsidiaries, Shetland Heat Energy and Power Limited (SHEAP) and SCT Renewables Limited (SCT R) and also those of Viking Energy Shetland LLP (VES), over which the Trust has a controlling interest of 90%. The trading results of these companies are summarised below:

	2025	2025	2025	2025	2024
	SHEAP	SCT R	VES	Total	Total
	£000	£000	£000	£000	£000
Turnover	3,285	-	-	3,285	3,001
Cost of sales	(1,396)	-	-	(1,396)	(1,319)
Gross profit	1,889	-	-	1,889	1,682
Administration expenses	(1,496)	(5)	(12)	(1,513)	(1,495)
Depreciation on investment properties	-	-	-	-	-
Provision made against equity investment	-	(11)	-	(11)	(12)
Operating profit/(loss)	393	(16)	(12)	365	175
Gain on disposal of investment properties	-	-	-	-	-
Interest receivable and similar income	18	-	-	18	9
Profit/(loss) on ordinary activities before taxation	411	(16)	(12)	383	184
Tax on profit/(loss) on ordinary activities	(105)	-	-	(105)	(56)
Profit/(loss) on ordinary activities after taxation being profit/(loss) for the financial year	306	(16)	(12)	278	128
Gift Aid payment to Shetland Charitable Trust	-	-	-	-	-
Retained (loss)/profit for the year after Gift Aid payment	306	(16)	(12)	278	128

Consistent with the current guidance, the Directors now consider the Gift Aid payment to be akin to a distribution rather than an expense, and as a result have now presented it outside of the profit and loss account as an adjustment to profit taken to retained earnings.

The expenditure of the companies, as recorded in the consolidated statement of financial activities, is analysed as follows:

	2025	2024
	Total	Total
	£000	£000
Cost of sales	1,396	1,319
Administration expenses	1,498	1,476
Tax charge on profit on ordinary activities	105	56
Interest receivable and similar income	(18)	(9)
	2,981	2,842

The assets and liabilities of the subsidiaries before consolidation were:

	2025	2025	2025	2025	2024
	SHEAP	SCT R	VES	Total	Total
	£000	£000	£000	£000	£000
Tangible fixed assets	5,094	-	-	5,094	4,829
Investments	-	7,307	6,650	13,957	13,968
Current assets	2,608	8	1,474	4,090	3,921
Current liabilities	(1,309)	(5)	(4)	(1,318)	(1,276)
Provisions for liabilities and charges	-	-	-	-	-
	(415)	-	-	(415)	(312)
Total net assets	5,978	7,310	8,120	21,408	21,130
Called up share capital	1,000	10,052	8,120	19,172	19,184
Profit and loss account	2,167	(2,742)	-	(575)	(998)
Capital contribution reserve	2,811	-	-	2,811	2,944
Revaluation reserve	-	-	-	-	-
Total reserves	5,978	7,310	8,120	21,408	21,130

Further details of the subsidiary companies and of their tax charge for the year are included in their financial statements, copies of which may be obtained from Companies House.

7 Debtors

	Group		Charity	
	2025	2024	2025	2024
	£000	£000	£000	£000
Trade debtors	821	691	-	-
Prepayments and accrued income	166	303	112	146
Other debtor	105	66	-	1
Programme-related loans (due < 1 year)	807	1,037	807	1,037
Programme-related loans (due > 1 year)	430	-	430	-
	2,329	2,097	1,349	1,184

8 Cash and cash equivalents

	Group		Charity	
	2025	2024	2025	2024
	£000	£000	£000	£000
Cash at bank and in hand	10,007	9,102	7,039	6,171
	10,007	9,102	7,039	6,171

9 Creditors: amounts falling due within one year

	Group		Charity	
	2025	2024	2025	2024
	£000	£000	£000	£000
Trade creditors	1,218	1,236	25	72
Other tax and social security	16	15	-	-
Other creditors and accruals	4,224	4,906	4,114	4,809
	5,458	6,157	4,139	4,881

10 Provisions for liabilities and charges

	Group		Charity	
	2025	2024	2025	2024
	£000	£000	£000	£000
At beginning of year	(279)	(214)	-	9
Credit for year	(105)	(65)	-	(9)
At end of year	(384)	(279)	-	-

In addition, a provision of £30,935 (2024: £33,242) was made in respect of Capital Grants.

The deferred tax liability arising within the Trust's subsidiary companies at the year-end of £383,867 (2024: £278,631) is analysed as follows:

Group	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances	-	-	384	279	384	279
Net tax (assets) / liabilities	-	-	384	279	384	279

11 Expendable endowment

	Group		Charity	
	2025	2024	2025	2024
At beginning of year	445,661	393,589	445,661	393,589
Outgoing resources	(1,639)	(1,448)	(1,639)	(1,448)
Gain/(Loss) in the year	11,347	61,306	11,347	61,306
Transfers	(6,482)	(7,786)	(6,482)	(7,786)
At end of year	448,887	445,661	448,887	445,661

12 Unrestricted income funds

Group	General funds £000	Trading funds £000	Pension reserve £000	Revaluation reserve £000	Total unrestricted income funds £000
At beginning of year	-	661	(388)	-	273
Net movement in funds	(6,482)	313	(17)	-	(6,186)
Transfers	6,482	-	-	-	6,482
Actuarial loss	-	-	405	-	405
At end of year	-	974	-	-	974

Charity	General funds £000	Pension reserves £000	Total unrestricted income funds £000
	-	(388)	(388)
	(6,482)	(17)	(6,499)
Transfers	6,482	-	6,482
Actuarial gain	-	405	405
At end of year	-	-	-

The group trading funds balance now represents the accumulated surplus on the Trust's subsidiary company undertakings, while the group and charity general fund balances have been brought into alignment. A transfer has been made to the General Fund from the Endowment Fund to eliminate the non-pension related deficit accumulated on the General Fund.

13 Operating leases

Group

Non-cancellable operating lease rentals are payable as follows:

	2025 £000	2024 £000
Less than one year	25	25
Between one and five years	68	75
More than five years	164	180
	257	280

During the year £24,760 was recognised as an expense in the consolidated statement of financial activities in respect of operating leases (2024: £27,482).

14 Subsequent Events

There were no subsequent events post the balance sheet date and prior to the date of signing these accounts that would have a material impact on the results reported or the financial position of the group.

15 Pension scheme

The Trust participates in the Shetland Islands Council Pension Fund which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Trust. The information disclosed below is in respect of the Trust's share of the assets and liabilities throughout the periods shown.

The latest full actuarial valuation was carried out at 31 March 2023 and was updated for FRS 102 purposes to 31 March 2025 by a qualified independent actuary.

Following updated guidance on the recognition of pension scheme assets the Trust have not recognised the defined benefit pension scheme asset as the impact of the asset ceiling is to reduce the net pension asset to £nil.

	2025	2024
	£000	£000
Net pension liability defined benefit obligation	(3,736)	(4,343)
Fair value of plan assets	3,797	4,069
	61	(274)
Unfunded defined benefit obligations	(61)	(114)
Net pension asset/liability	0	(388)

Movements in present value of defined benefit obligation:

	2025	2024
	£000	£000
At 1 April	4,457	3,893
Current service cost	51	50
Interest cost	211	182
Actuarial losses/(gains)	(756)	523
Contributions by members	18	18
Benefits paid	(184)	(209)
At 31 March	3,797	4,457

Movements in fair value of plan assets:

	2025	2024
	£000	£000
At 1 April	4,069	3,586
Expected return on plan assets	192	168
Actuarial gains/(losses)	(113)	445
Contributions by employer	53	61
Contributions by members	18	18
Benefits paid	(184)	(209)
Impact of Asset ceiling	(238)	-
At 31 March	3,797	4,069

Expenditure recognised in the statement of financial activities:

	2025	2024
	£000	£000
Current service cost	(51)	(50)
Interest cost	(19)	(14)
Total	(70)	(64)

The expenditure is recognised in the following line items in the statement of financial activities:

	2025	2024
	£000	£000
Charitable activities – support costs	(70)	(64)

The total amount recognised in the other recognised gains and losses section of the statement of financial activities are as follows:

	2025	2024
	£000	£000
Actuarial gains/(losses)	756	(523)
Return on assets attributed to the Charity excluding interest income	(113)	445
Impact of Asset ceiling	(238)	-
	405	(78)

The fair value of the plan assets and the return on those assets (prior to impact of asset ceiling) were as follows:

	2025	2024
	Fair value	Fair value
	£000	£000
Equities	3,107	3,174
Bonds	202	488
Property	686	366
Cash	40	41
	4,035	4,069
Actual return on plan assets	79	613

The expected rates of return on plan assets are determined by reference to the historical actual returns on the fund as provided by the administering authority and index returns where necessary.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2025	2024
	%	%
Discount rate	5.80	4.80
Future salary increases	2.80	2.80
Inflation / pension increase rate	2.80	2.80

In valuing the liabilities of the pension fund at 31 March 2025, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 21.2 years (male), 23.4 years (female).

Future retiree upon reaching 65: 23.3 years (male), 25.7 years (female).

The Trust expects to contribute approximately £49,000 (2025: £49,000) to its defined benefit plans in the next financial year to 31 March 2026.

16 Related parties

In the year to 31 March 2025 the SCT Renewables Limited invested £Nil (2024: £Nil) in Viking Energy Shetland LLP in which SCT Renewables Limited is a 90% partner.

SCT is a customer of SHEAP Ltd, inter-group transactions related to supply of heat and standing charges totalled £2,539 (2024: Nil).

In the normal course of business, some of the Trustees are appointed as directors or as Trustees of other organisations and charitable bodies within the Shetland Islands, including those which the Trust may from time to time transact with, either through routine business or in the provision of charitable grants. These relationships are not considered to be related party transactions as in no instance is the level of mutual Trustees such as to provide direct or indirect control, or to place the Trustees in a position where they are able to provide influence over the financial and operating policies of the other organisations.

There are no outstanding amounts owed to/by related parties.

17 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of the financial statements requires Trustees and directors of the subsidiary companies to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical accounting judgements in applying the Company's accounting policies

The Trustees believe that major judgements are applied around depreciation and pension valuation assumptions.

The Trust participates in the Shetland Islands Council Pension Fund which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Trust. In valuing the liabilities of the pension fund and the Trust's share of the scheme assets at 31 March 2025, assumptions have been made. The latest full actuarial valuation was carried out at 31 March 2020 and was updated for FRS 102 purposes to 31 March 2025 by a qualified independent actuary. The assumptions used are consistent with those prescribed for FRS 102.

The directors of Shetland Heat Energy and Power Limited believe that the major judgements applied are around the PPE, depreciation rates and bad debt provision. The company exercises judgement to determine useful lives and residual values of property, plant and equipment. The assets are depreciated down to their residual values over their estimated useful lives. The company exercises judgement in levels of bad debt provisions required based on its knowledge of customers and past experience.



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Date: 11 September 2025

Our Ref: TA2
Your Ref:

Dear Audit Engagement Partner of Shetland Charitable Trust

AUDIT OF FINANCIAL STATEMENTS – 31 MARCH 2025

This representation letter is provided in connection with your audit of the financial statements of Shetland Charitable Trust for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, in accordance with the applicable financial reporting framework. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Generally Accepted Accounting Practice.

We confirm that to the best of our knowledge and belief, and having made appropriate enquiries of other Trustees and officials of the charity and other entities included in the group financial statements:

Financial Statements

1. We acknowledge and have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 27 June 2024, for ensuring that the charity and group maintains adequate accounting records and for the preparation and presentation of the financial statements in accordance with the applicable financial reporting framework, in particular the financial statements give a true and fair view in accordance therewith.
2. We confirm that the methods, significant assumptions and the data used in making accounting estimates and the related disclosures are appropriate in the context of the applicable financial reporting framework.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework. In particular, full disclosure is made in the financial statements of:

- a. any advances and credits granted by the charity to trustees and guarantees of any kind entered into on behalf of the trustees;
- b. the identity of the party which controls and (if different) the party which ultimately controls the charity, if any;
- c. transactions and balances with related parties including:
 - the names of the transacting parties;
 - the nature of the related party relationship;
 - a description of the transactions;
 - the amount of the transactions;
 - the amount of outstanding balances and:
 - their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
 - details of any guarantees given or received;
 - provisions for uncollectible receivables related to the amount of outstanding balances;
 - the expense recognised during the period in respect of bad or doubtful debts due from related parties; and
 - any other information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements.
- d. key management personnel compensation.

4. Full disclosure is made in the financial statements of:
 - a. outstanding capital commitments contracted for at the balance sheet date;
 - b. all contingent liabilities including details of pending litigation and material claims against the charity and group;
 - c. all guarantees or warranties or other financial commitments including those given to or on behalf of other group entities.

5. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

6. There have been no events or conditions (e.g. loss or reduction of source of income, loss of key customer, supplier or member of staff, change in credit terms offered by suppliers, breaches of bank or other covenants, changes in banking or insurance arrangements or facilities since the balance sheet date that would impact on the ability of the charity and group to continue as a going concern. Should such events or conditions occur prior to your signature of the audit report we will advise you immediately. Except as already incorporated into our cash flow and profit forecasts we have no plans or intentions that would impact on the ability of the charity and group to continue as a going concern.

7. With regards to our going concern assessment we confirm that our future plans are as follows:

The charity and group do not currently intend to change the nature, scale or focus of its operations, which are as a holding company. The charity and group have sufficient working capital to continue for at least the next 12 months.

We confirm that we have evaluated the feasibility of the matters referred to above and consider the plans to be achievable.

8. We confirm that our going concern assessment covers the period ending 30 September 2026.
9. All events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed. Should such further material events occur prior to your signature of the audit report we will advise you accordingly.
10. The effects of uncorrected misstatements (whether arising from differences in amount, classification, presentation or disclosure of a reported financial statement item and the amount, classification, presentation or disclosure that is required for the item to be in accordance with the applicable financial reporting framework) are immaterial, both individually and in the aggregate, to the financial statements as a whole. There are no uncorrected misstatements.
11. In respect of investments held at cost less impairment we confirm that the significant assumptions used, and valuation basis are appropriate at the year-end and investments are not impaired.
12. All charities, companies and trusts controlled by the charity have been consolidated in the group financial statements.
13. All designated and restricted fund balances are correctly shown in the accounts.

Information Provided

1. As agreed in the terms of engagement, we have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the charity and group and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements. We have also notified you of the actual or contingent consequences which may arise from such non-compliance, including any potential effects on the charity and group's ability to conduct its activities.
7. We have disclosed to you the identity of the charity and group's related parties and all the related party relationships and transactions of which we are aware.
8. We have disclosed to you details of all known actual or possible litigation and claims whose effect should be considered when preparing the financial statements.
9. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms and conditions in the application of such incoming resources.
10. We confirm that we have disclosed to you details of all banking and financing arrangements including related contracts and hedging products.
11. We confirm that we have informed you of all tax avoidance schemes used by the charity and group.
12. We confirm that as far as we are aware:
 - no services have been provided to us or our affiliated entities by RSM network firms and their related entities that we have not already informed you of;
 - no gifts, hospitality, favours, donations or sponsorship have been exchanged between us or our affiliated entities and RSM network firms and their related entities that we have not already informed you of;
 - no employment relationships exist between us or our affiliated entities and partners or employees of RSM network firms and their related entities we have not already informed you of; and
 - no other business or personal relationships exist between us or our affiliated entities and RSM network firms and their related entities we have not already informed you of.

Charitable Status

1. We have not conducted, or permitted to be conducted any activities which call into question the charitable nature of the charity or the group.
2. There have been no communications with OSCR or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any administrative duty.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and we believe we have appropriately fulfilled those responsibilities.

To assist the auditor in complying with ISA (UK) 720 The Auditor's Responsibilities Relating to Other Information, we confirm that we have informed you of all the documents that will be communicated to the trustees with the annual report.

We confirm that we have taken all the steps that we ought to have taken as a trustee in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to the auditors. We confirm that, as far as we are aware, there is no relevant audit information of which the auditors are unaware.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

The contents of this letter were considered and approved by the board at its meeting on 11 September 2025.

Yours faithfully

Signed on behalf of the board of Shetland Charitable Trust

Trustee

Date 11 September 2025

REPORT

To: Shetland Charitable Trust

Date: 11 September 2025

From: Chief Executive

Report: CT2509018

Investment Performance Update – Three Months to 30th June 2025

1. Introduction

- 1.1 The Trust's external investments are managed on its behalf by fund managers. The purpose of this report is to review investment performance for the three months to 30 June 2025.

2. Market Performance

- 2.1 Markets encountered steep volatility in Q2, driven by rapidly shifting tariff policies. Initially markets slumped from highs in February, however a pullback on trade threats and tariffs triggered a quick recovery with indices climbing by quarter end.
- 2.2 Investor sentiment was buoyed by strong performance in technology and AI sectors, with global equity markets delivering strong returns. In contrast, energy was the quarters weakest sector, with falling oil prices and ongoing trade policy uncertainty.
- 2.3 Markets ended Q2 on positive note, demonstrating resilience in the face of geopolitical and trade turbulence.

3. Overall External Fund Performance

- 3.1 This report concentrates on the three months from April 2025 to June 2025. However, as the Trust is a long term investor, the report also considers the performance over one, three and five years.
- 3.2 The Trust has four fund managers with total investments under management at the end of June 2025 of £466 million. The funds, type of mandate and market values at the end of June 2025 are as follows:

Manager	Mandate	Market Value Jun 2025 (£m)	% of Reserves
Baillie Gifford	Active Equities	217.8	46.8
BlackRock	Passive Equities	116.0	24.9
Schroders	UK Property	61.7	13.2
Partners	Private Credit	70.5	15.1
Total		466.0	100.0

- 3.3 The return on the Trust's external investments over the three month period was 8.0%.
- 3.4 The Trust's Financial Plan 2025-30 assumes a medium term return of 7.5% per annum. This is the return the Trust seeks over the medium term to meet its planned expenditure and to preserve the value of reserves in real terms.
- 3.5 The Trust also agrees a benchmark return for each fund manager to assess their performance against. Detailed below are the overall returns achieved against the combined benchmark:

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
3 Months	8.0	4.4	3.6
1 Year	8.0	8.2	(0.2)
3 Years	10.8	9.3	1.5
5 Years	6.8	9.5	(2.7)

- 3.6 Short-term returns have outperformed the composite benchmark, and over one year they have exceeded the Financial Plan's target return. Looking over a longer horizon, the Trust's external investments have outperformed the composite benchmark and met the target return over three years, though this has not been sustained over a five-year period.

4. Fund Manager Performance Baillie Gifford

- 4.1 Baillie Gifford has an active equity mandate which invests in around 30-50 shares throughout the world. The benchmark for Baillie Gifford is the MSCI All Country World Index.
- 4.2 Detailed below is Baillie Gifford's performance for the last three months, one year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/(Under) Performance %
3 Months	13.4	5.1	8.3
1 Year	16.1	7.2	8.9
3 Years	19.2	12.7	6.4
5 Years	7.7	11.3	(3.6)

- 4.3 Baillie Gifford returned 13.4% over the three months to 30 June 2025, compared to the broad market return of 5.1%, which was 8.3% above the benchmark return.
- 4.4 Over the three year period, Baillie Gifford have returned 69.4%, equivalent to a return of 19.2% per annum. Over the five year period Baillie Gifford have returned 44.9%, equivalent to a return of 7.7% per annum.

5. Fund Manager Performance BlackRock

- 5.1 The fund with BlackRock is invested passively in equities, and the product invested in is the iShares MSCI World SRI UCITS EFT. This fund focuses on “socially responsible investment” (SRI).
- 5.2 The benchmark for this fund is the MSCI World SRI Select RFF Index. However, this is not currently available to Northern Trust and therefore it has been agreed that they will continue to use the previous benchmark, which is made up of the All Share indices in each region the funds are invested in.
- 5.3 Detailed below is BlackRock’s performance for the last three months, one year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
3 Months	5.8	5.4	0.4
1 Year	3.4	9.4	(6.0)
3 Years	10.5	11.6	(1.1)
5 Years	8.5	10.5	(2.0)

- 5.3 The mandate with BlackRock over the three months to 30 June 2025 produced a return of 5.8%, which was 0.4% above the benchmark for the period.
- 5.4 Over the last three years, BlackRock have returned 34.9%, equivalent to a return of 10.5% per annum. Over the five year period BlackRock have returned 50.4%, equivalent to a return of 8.5% per annum.

6. Fund Manager Performance Schroders

- 6.1 Schroders invests in property via a fund of funds approach where they invest in various different property funds to spread investment risk. The Benchmark for Schroders is the IPD UK All Balanced Fund Index.
- 6.2 Detailed below is Schroders’ performance for the last three months, one year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
3 Months	0.7	1.5	(0.8)
1 Year	(0.2)	6.8	(7.0)
3 Years	(2.4)	(4.1)	1.7
5 Years	3.3	3.4	(0.1)

- 6.3 Over the three months to 30 June 2025 Schroders have returned 0.7%, which was 0.8% below the property benchmark.
- 6.4 The Trust issued Schroders with a redemption instruction on 15 August 2024 to terminate the investment management agreement. A redemption strategy is being progressed and this will impact on returns achieved by the Trust's investment.
- 6.5 Over the last three years, Schroders have returned minus 7.0%, equivalent to a return of minus 2.4% per annum. However, over the five year period Schroders have returned 17.6%, equivalent to a return of 3.3% per annum.

7. Fund Manager Performance Partners

- 7.1 The appointment of Partners Group as Fund Manager for the Trust's Private Credit mandate was completed in April 2025, and funds were transferred on 2 June 2025.
- 7.2 Performance data for the period covered by this report is not available.

8. Financial Implications

- 8.1 The long term investments and their performance are important to the Trust and the achievements of its outcomes and objectives.
- 8.2 The Trust undertook an External Investment Review during 2024 and the recommendations of this review were approved at the Trust meeting held on 12 September 2024 (CT2409024). A new Investment Plan 2025-2030 (CT249025) was also approved on 12 September 2024 which agreed changes to the investment portfolio. These will be implemented during the Strategy period.
- 8.3 The Investment Plan for the Trust is overseen by the Investment Advisory Committee (IAC), who meet regularly and report to the Board of Trustees. It is recognised that the actual investment performance each year will be different to what is expected. The IAC monitor the medium to long term performance against the Trust's objectives.

9. Recommendations

- 9.1 Trustees are asked to note this report.

Reference: IA7

Report Number: CT2509018

REPORT**To:** Shetland Charitable Trust**Date:** 11 September 2025**From:** Chief Executive**Report:** CT2509019**Management Accounts – Three Months to 30 June 2025****1 Introduction**

1.1 The purpose of this report is to present Shetland Charitable Trust's (the Trust) Management Accounts for the three months ended 30 June 2025, for noting. These Management Accounts deal with all income and expenditure of the Trust.

2 Management Accounts

2.1 Table 1 below shows the Summary Budget for the Trust for 2025/26 and the results in the three months to 30 June 2025.

Table 1: Summary Management Accounts 2025/26

Item	Annual Budget £m	Actual to Jun 2025 £m
Income	2.5	0.7
Disbursements	(9.8)	(4.9)
Management and Administration	(1.1)	(0.2)
Fund Managers Fees	(1.9)	(0.4)
Gain/(Loss) on Investments	25.2	32.9
Total	14.9	28.1

2.2 A more detailed analysis of the figures above is set out in Appendix A.

2.3 In the three months ended 30 June 2025 the Trust made a gain on its investments of £32.9m.

3 Financial Implications

3.1 No direct financial implications flow from this information report.

4 Recommendations

4.1 Trustees are asked to note the Trust's financial position at the three months ended 30 June 2025 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT2509019



Shetland Charitable Trust

Management Accounts

3 Months Ended 30 June 2025

**Shetland Charitable Trust
Income and Expenditure
Period to 30 June 2025**

	3 Month Actual £	3 Month Budget £	Variance £	Annual Budget £
Income				
Managed fund dividends	0	0	0	0
Managed fund interest	583,075	500,000 *	83,075	2,000,000
Local equity gift aid	0	12,500	-12,500	50,000
Rental income	56,775	112,500	-55,725	450,000
Bank interest	99,129	0	99,129	0
Miscellaneous income	0	0	0	0
	<u>738,979</u>	<u>625,000</u>	<u>113,979</u>	<u>2,500,000</u>
Expenditure				
Disbursements	-4,919,256	-4,949,000	29,744	-9,815,000
Management and administration	-200,752	-272,000	71,248	-1,088,000
Fund managers	-432,242	-461,750	29,508	-1,847,000
	<u>-5,552,250</u>	<u>-5,682,750</u>	<u>130,500</u>	<u>-12,750,000</u>
Gain on investments	32,870,176	6,288,750	26,581,426	25,155,000
Surplus/(Deficit)	<u>28,056,905</u>	<u>1,231,000</u>	<u>26,825,905</u>	<u>14,905,000</u>

* Managed Fund Interest is not cash funds received by the Trust. It represents income that the fund managers receive (mainly property rental), that for Accounting purposes the Trust is required to show as income. These funds are reinvested by the fund managers.

Shetland Charitable Trust
Balance Sheet
Period to 30 June 2025

	Jun-25	
	£	£
Tangible fixed assets		23,000
Investments		<u>477,982,083</u>
		478,005,083
Trade debtors	24	
Prepayments and Accrued income	144,448	
Other debtors	1,068,854	
Bank	<u>1,669,509</u>	
	2,882,835	
Trade creditors	45,705	
Accruals and Deferred income	3,897,645	
Other creditors	<u>123</u>	
	3,943,473	
Net current assets		<u>-1,060,638</u>
		476,944,445
Pension liability		0
		<u>476,944,445</u>
Opening reserves		448,887,540
Surplus for period		<u>28,056,905</u>
Closing reserves		<u>476,944,445</u>
		-

Shetland Charitable Trust
Income
Period to 30 June 2025

	3 Month Actual £	3 Month Budget £	Variance £	Annual Budget £
<u>Income</u>				
Shetland Heat Energy and Power Ltd		12,500	-12,500	50,000
<u>Rental Income</u>				
Sullom Voe Site	56,775	112,375	-55,600	449,500
Shetland Golf Course	-	125	-125	500
<u>Other Income</u>				
Bank Interest	99,129	-	99,129	-
Miscellaneous	-	-	0	-
	155,904	125,000	30,904	500,000

**Shetland Charitable Trust
Disbursements
Period to 30 June 2025**

	3 Month Actual £	3 Month Budget £	Variance £	Annual Budget £
<u>Main Grant Scheme</u>				
Ability Shetland	45,000	45,000	-	90,000
Alzheimer Scotland	24,000	24,000	-	24,000
Clan Cancer Support	15,000	15,000	-	30,000
COPE Limited	132,500	132,500	-	265,000
Dogs Against Drugs	22,000	22,000	-	22,000
Gaada	15,500	15,500	-	31,000
Mind Your Head	33,000	33,000	-	66,000
Moving On	20,000	20,000	-	40,000
OPEN Project	20,000	20,000	-	40,000
Royal Voluntary Service	30,000	30,000	-	60,000
Shetland Amenity Trust	650,000	650,000	-	1,300,000
Shetland Arts Development Agency	525,000	525,000	-	1,050,000
Shetland Befriending Scheme - 16+	18,000	18,000	-	18,000
Shetland Befriending Scheme - CYP	30,000	30,000	-	60,000
Shetland Bike Project	27,500	27,500	-	55,000
Shetland Care Attendants Schme	37,500	37,500	-	75,000
Shetland Community Connections	19,000	19,000	-	19,000
Shetland Islands Citizen Advice Bureau	167,500	167,500	-	335,000
Shetland Islands Council Rural Care Model	910,000	910,000	-	1,820,000
Shetland Link Up	30,500	30,500	-	61,000
Shetland Recreational Trust	1,845,000	1,845,000	-	3,690,000
Shetland Women's Aid	70,000	70,000	-	140,000
The Compass Centre	20,500	20,500	-	41,000
The Swan Trust	15,500	15,500	-	31,000
Voluntary Action Shetland - Core	52,500	52,500	-	105,000
Voluntary Action Shetland - Market House	55,000	55,000	-	110,000
Voluntary Action Shetnad - Carers Service	25,000	25,000	-	50,000
Who Cares? Scotland	18,500	18,500	-	37,000
Sub Total Main Grant Scheme	4,874,000	4,874,000	-	9,665,000
<u>Small Grant Scheme</u>	32,506	37,500	4,994	75,000
<u>Innovation Grant Scheme</u>	12,750	37,500	24,750	75,000
<u>Capital Grant Scheme</u>	-	-	-	-
Surplus Grants Refunded	-	-	-	-
Total	4,919,256	4,949,000	29,744	9,815,000

Shetland Charitable Trust
Management and Administration Expenditure
Period to 30 June 2025

	3 Month Actual £	3 Month Budget £	Variance £	Annual Budget £
Basic Pay and Allowances	83,301	100,550	17,249	402,200
Professional Membership Fees	219	125	-94	500
Staff recruitment	-	375	375	1,500
Travel and Subsistence	-	1,250	1,250	5,000
Training and Staff Development	-	1,300	1,300	5,200
Sub Total Staffing Costs	83,520	103,600	20,080	414,400
Operating Costs				
Insurance	3,559	4,125	566	16,500
Administration	991	2,188	1,196	8,750
Supplies and Services	742	1,500	758	6,000
Bank Charges	57	100	43	400
Professional Fees	9,013	12,500	3,487	50,000
External Audit Fees	6,750	6,750	0	27,000
Financial advice	5,400	12,500	7,100	50,000
Trustees Expenses	-	250	250	1,000
Meeting expenses	285	563	278	2,250
Legal Fees	15,172	50,000	34,828	200,000
Trustee Recruitment Costs	-	375	375	1,500
Sub Total Operating Costs	41,968	90,850	48,882	363,400
Property Costs				
Energy Costs	1,919	975	-944	3,900
Water Rates	428	375	-53	1,500
Building Maintenance	49,284	48,750	-534	195,000
Cleaning	1,018	525	-493	2,100
Sub Total Property Costs	52,650	50,625	-2,025	202,500
Bad debt write off	-	-	-	-
Bought In Services				
Treasury	5,250	5,250	0	21,000
Payroll	213	213	0	850
Building Maintenance	12,813	12,813	0	51,250
Committee Services	1,875	1,875	0	7,500
ICT Services	1,869	2,500	631	10,000
Peninsula	596	590	-6	2,360
Public Relations	-	3,685	3,685	14,740
Sub Total Bought In Services	22,615	26,925	4,310	107,700
Total	200,752	272,000	71,248	1,088,000

Shetland Charitable Trust
Investment expenses
Period to 30 June 2025

	3 Month Actual £	3 Month Budget £	Variance £	Annual Budget £
Management Expenses	18,354	- *	-18,354	-
Northern trust fees	12,500	12,500	0	50,000
Insight / Partners fees	70,517	64,525	-5,993	258,098
BlackRock	57,994	60,101 *	2,107	240,403
Schroders fees	37,004	81,886	44,882	327,543
Baillie Gifford fees	235,873	242,739	6,866	970,956
	<u>432,242</u>	<u>461,750</u>	<u>29,508</u>	<u>1,847,000</u>

* Managment Expenses and BlackRock Management Fees are not invoiced. It represents expenditure that the fund managers deduct, that for Accounting purposes the Trust is required to show as expenditure.

REPORT

To: Shetland Charitable Trust

Date: 11 September 2025

From: Chief Executive

Report: CT2509020

Capital Works Bridging Loan Scheme

1. Introduction

- 1.1 The purpose of this report is to provide Trustees with an update of the Capital Works Bridging Loan Scheme.

2. Background

- 2.1 On 18 March 2010, Trustees agreed to provide short term bridging finance to community organisations undertaking capital projects. The interest free loans are used to alleviate cash flow problems when waiting for funding from EU, Scottish Government, SRDP, LEADER, ERDF and/or lottery grants to be received. (Min. Ref. CT15/10)
- 2.2 Funding for capital projects is often only released once work has been completed and invoices paid. This can create insurmountable cash flow burdens for some organisations.
- 2.3 A total of £1 million was set as the maximum available at any one time.
- 2.4 At the Trust meeting on 27 February 2020 it was noted that in future, only the projects relating to the current financial year would be reported on rather than including all the historical information.
- 2.5 At the Trust Meeting on 25 November 2021, Trustees agreed to increase the maximum loan capital available at any one time under the Scheme to £1.5 million (CT2111026).

3. Present Position

- 3.1 As at 1 April 2025, there were twelve loans outstanding.
- 3.2 In the period 1 April 2025 to 30 June 2025, two organisations were awarded a new loan.

3.3 In the period 1 April 2025 to 30 June 2025, five organisations fully repaid their loans.

3.4 Some organisations are experiencing delays as a result of difficulty in securing contractors and materials. The Trust is in contact with all organisations to receive updates on repayments.

4. Financial Implications

4.1 There are no new financial implications arising from this report. However, it should be noted that the provision of interest free loans means that the capital involved is not generating investment returns.

4.2 As at 30 June 2025, Capital Works Bridging Loans totalling £1,068,853 are outstanding.

5. Conclusion

5.1 Eight loans brought forward at 1 April 2025 remain active and one loan awarded in the current year is active.

6. Recommendation

6.1 Trustees are asked to note this report.

Reference: D19

Report Number: CT2509020