

The
Scottish
Forestry Trust



Annual Report
2008/09

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Cover: Hemiphoto from a Douglas Fir stand in Wales – Dr Phil Comeau, SFT Fellow 2008

1 Opening of the David Douglas Pavilion at Scone Palace



1

2 Identifying a whiskered Bechstein's bat on a Kent Survey (credit BCT/Shirley Thompson)



2

4 Improving the quality of Sitka Spruce – project fieldwork



4

5 The production team for the Finding David Douglas documentary at Hudson Bay









5



3

3 Outgoing SFT Director Dr David Rook receiving a retirement gift from Chairman John Kissock OBE

Highlights from this year's report

-  **Dr David Rook**, the Director of the Scottish Forestry Trust for over 12 years, retired in December 2008. His successor, **Bob Stubbs**, was appointed in November 2008.
-  Over the past year, the Trust has received a **greater number of good applications** for grant aid than it has been able to support, and we consider the current project portfolio is **larger and more varied** in terms of quality and relevance than it has ever been. Three new projects received funding support during the year.
-  The diversity of SFT's funding is demonstrated in the **four projects** completed this year – Incidence and Biology of *Anisogramma virgultorum* on Birch in Scotland; Volunteering in Woodlands; Guides to Collection of Bulbs and Mosses and the Scottish Finest Woods awards.
-  The Trustees awarded the 2008 SFT Fellowship to **Dr Phil Comeau**, University of Alberta to work on stand density indices in continuous cover forestry systems. As part of his activities, Dr Comeau has presented lectures throughout the UK.
-  Net assets of the Trust at 31st March 2009 were **£1,760,455** (2008: £2,289,693). This is a decrease of **£529,238** (2008: £272,902) reflecting primarily the fall in the stock market but also an exceptional requirement to realise assets in support of our committed programme of work.
-  During the year we refreshed our website, **www.scottishforestrytrust.org.uk** to make it more user friendly. We will be progressively adding content to the site providing information on current projects and summaries of recently completed projects where possible.

Chairman's Foreword

A Challenging Year

December 2008 marked the retirement of Dr David Rook as Director of the Scottish Forestry Trust after more than 12 years service, and on behalf of the Trustees, I would like to acknowledge the significant contribution he has made during his time as Director. During this time the Trust's reputation of sound governance and for identifying and supporting important and timely projects has been greatly enhanced.

In November 2008 we welcomed Bob Stubbs as the successor to David Rook. Bob comes to the Trust with a sound knowledge of the Forest Industry and wide experience in economic development planning.

At a time of dramatic decreases in stock market values and therefore reduced value of the investment portfolio, the Trust received many more very good and relevant applications for grant aid than we were able to support. Despite that, Trustees were able to approve a further £64,000 of funding to assist three new projects. During the year, the Trust provided nearly £91,000 of funding to support the existing portfolio of 16 projects.

The assets of the Trust now stand at £1,760,455 a decrease of £529,238 over the year which is largely due to the severe stockmarket downturn in the third and fourth quarters of the financial year.

In order to secure our core capital assets to fund new projects in the future, Trustees took the decision to suspend further funding rounds until December 2009 at the earliest. This will enable a full review of future funding options to take place whilst, hopefully, the performance of the assets of the Trust improve during the course of the year.

We made proposed amendments to the Trust Deeds and Rules to accommodate changes to the appointments procedures and these changes have now been submitted to the Office of the Scottish Charity Regulator (OSCR) for comment.

We also refreshed the Trust website to make it more user friendly. In future, more content will be added so as to make the site the main source of information for updates on project performance and details of the application process.

The strength of the Trust is the commitment of the Trustees in freely sharing their knowledge and experience in pursuit of the Trust's objectives. I would like to thank them for the commitment they have shown over the year.



Dr John Kissock OBE
Chairman
13th August 2009

Trustees' Report

Trustees, Officials and Advisers 2008-2009

Chairman

Dr John A Kissock

Trustees

Dr C M Cahalan**

A C Hart

C Mann

W McGhee*

Dr C P Quine*

R W L Scott OBE

G R Watt*

M Williams MBE

Dr S Woodward*

Staff

Director: Dr David A Rook:

Responsible for day to day management of the Trust (to December 2008)

Mr Bob Stubbs: Responsible for day to day management of the Trust (from December 2008)

Mrs Elizabeth Hughson, Confederation of Forest Industries provided secretarial assistance

Bankers

Adam & Company
22 Charlotte Square
Edinburgh
EH2 4DF

Legal Adviser

Mr D M Hunter
HBJ Gateley Wareing
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

Auditors

Chiene + Tait
Chartered Accountants and
Registered Auditors
61 Dublin Street
Edinburgh
EH3 6NL

Investment Managers

Cornelian Asset Managers Ltd
21 Charlotte Square
Edinburgh
EH2 4DF

Registered Office

59 George Street
Edinburgh
EH2 2JG
Tel: 0131-240 1413
Fax: 0131-240 1411
Email:
director@scottishforestrytrust.org.uk
www.scottishforestrytrust.org.uk
Registered Charity No SCO08465

Acknowledgements

The Chairman and Trustees wish to acknowledge with gratitude the generosity of the following donors to the Trust's funds:

£100 to £1000

Mr Anthony Gunn

Mr Robert Scott OBE

The Callendar Charitable Trust

Trustees' Report continued

Appointment of Trustees and Induction

Trustees are appointed for their experience, expertise and objectivity, and to provide a good balance of appropriate skills on the Board according to the Trust's constitution. The views of others within the general forestry sector are normally sought before the appointment is made.

The new appointee is invited to attend a meeting prior to taking up the appointment and comprehensive information is provided on the Trust including its management and achievements to date.

Biographical Notes of Current Trustees

Dr John A Kissock OBE became Chairman of the Scottish Forestry Trust in December 2007. He graduated with a BSc. Hons in Forestry from Aberdeen University in 1974 and received an honorary doctorate from Napier University in early 2007. In 1974 he joined James Jones and Sons as a Graduate Trainee, progressing to Area Manager, Director and ultimately Joint Managing Director. After 33 years of service to the Company he stood down from his senior position to take up a consultancy role with the Company. He continues to maintain a strong interest in timber processing and the development of engineered solutions to increase the use of timber in the construction process. A past president of the UK Softwood Sawmillers Association he has also served as a Director of TRADA and Chairman of the Management Board for the Centre for Timber Engineering, Napier University. He is currently Chairman of the UK Timber Grading Committee.

Dr Christine Cahalan is a Senior Lecturer and Deputy Head of the School of Environment, Natural Resources and Geography at Bangor University. She has a masters degree in forestry from the University of California at Berkeley and a PhD in plant genetics from the University of Wales. After a period of self-employment in forest nursery and woodland management, she moved to the Forestry Commission's Research Division and then to an academic position in Bangor. She has 25 years experience of research and teaching, working mainly in the UK but also in collaboration with academics and researchers from other EU countries, North America, Asia, Africa and Australia.

Anthony Hart has been based in Perth since 1990 and is one of 22 Equity Partners of Bidwells Property Consultants – a firm of over 500 staff operating from 15 offices in the UK. Anthony has overall responsibility for the firm's business throughout Scotland. As the son of HM Senior Verderer of the Forest of Dean, Anthony has been immersed in forestry since an early age. A graduate of University College of North Wales, commercial forestry is Anthony's professional specialism. Subsequent training in Land Economy at Reading University has led him to provide advice to a wide range of clients, from financial institutions, through family trusts to private individuals.

Colin Mann graduated with a BSc. Hons. in Forestry in 1977 from Aberdeen University. In the same year, he started work with SWOAC Ltd as a Trainee Forest Manager, the forerunner of Scottish Woodlands Ltd, the firm of which he is now Managing Director. He has worked in all aspects of forest management in Scotland including the promotion of forestry as an investment medium as the company's Investment Director before taking up the post as MD in 2005. His work in investment marketing has encompassed a wide geographic area including Hong Kong, mainland Europe and Canada. He has served on the Council of the Institute of Chartered Foresters for two terms and is a member of the Scottish Forest Industry Advisory Board and chairman of ConFor. He is also a director of Northern Energy Developments Ltd which specialises in the development of small scale renewable energy, utilising fuels derived from forest harvesting operations. His career has allowed him to develop expertise in the economic development of the UK's forest resource and the production of timber for utilisation by the country's expanding wood processing and renewable energy industries.

Willie McGhee is a forest ecologist whose pioneering work in social and environmental forestry has influenced the direction of community and native woodland initiatives in the UK. His main interest is promoting environmentally and socially responsible forest management and he is Acting Director of the Plan Vivo Foundation, which channels climate change finance to communities and peasant farmers in developing countries. Willie is the Executive Director of Borders Forest Trust, Scotland's leading community led environmental NGO. He is a Trustee with Scottish Power's Green Energy Trust and a Director of Tweed Forum. Recent publications include two chapters on ecosystem services in *Restoring Natural Capital* (Island Press, 2007).

Dr Chris Quine is Head of Ecology Division and Head of Station at the Northern Research Station (NRS) of Forest Research, the research agency of the Forestry Commission. He studied for a first degree in geography at Cambridge University, followed by a Masters in Forestry at Oxford University, and then joined the Forestry Commission in South Scotland. After five years of forest management he moved to Forest Research, and has since conducted research in silviculture (particularly windthrow) and forest ecology, obtaining a PhD in forest ecology from Edinburgh University. He is a Fellow of the Institute of Chartered Foresters.

Robert Scott OBE FRICS, studied Rural Estate Management at RAC Cirencester. Based at Baronscourt in Co Tyrone, Robert has been Agent and Factor with Abercorn Estates since 1977, where his responsibilities include the management of approximately 2,400 hectares of woodlands in Scotland and Northern Ireland. From 2002 to 2004 he was Chairman of the Forestry & Timber Association. He has been a non-executive director of Balcas Timber Ltd since 2005. He has a keen interest in continuous cover forestry, in developing the sporting and recreational potential of woodlands, and in forest industry development in Great Britain and Ireland.

Guy Watt is Managing Director of John Clegg Consulting Ltd which provides business, economic and rural development consultancy services. He is a forestry graduate of Aberdeen; has a B.Litt in forest economics from Oxford and is a Fellow of the Institute of Chartered Foresters and a Member of the Institution of Economic Development. He worked in the South Pacific for two years followed by four years at the Forest Research Institute in New Zealand. He has undertaken consultancy assignments for over 20 years in the South Pacific, Asia, Africa and South & Central America. In the UK he has undertaken a wide variety of consultancy assignments over the last 20 years firstly while with EFG as a forest economist followed by 13 years with John Clegg & Co where he was responsible, as a partner, for consultancy work, before starting John Clegg Consulting Ltd in 2003. He is Vice Chair of the Central Scotland Forest Trust, a partner in Beacon Forestry and was Chairman of the Scottish Hardwood Timber Marketing Group for 5 years.

Michael Williams MBE is a farmer from East Lothian with a deep interest in farm conservation and farm woodlands. Michael is currently a Trustee of Farming and Wildlife Advisory Group, Director of Southern Upland Partnership. He is also a member of Scottish Biodiversity Forum Rural and Landuse Working Group and has been a Trustee of the Scottish Forestry Trust since 2002.

Dr Stephen Woodward is reader in forestry in the Department of Plant and Soil Science, School of Biological Sciences at the University of Aberdeen, specialising in tree pathology and urban forestry. He is editor-in-chief of *Forest Pathology* and associate editor of *Phytopathological Mediterranea*; currently he is leading the EU-funded COST Action FP0801 on impacts of *Phytophthora* species in European forest ecosystems. Since joining the staff at Aberdeen in 1989, Dr Woodward's research has focused on root-infecting pathogens of forest trees, including leading four major EU-funded projects on *Heterobasidion (Fomes)*; other research includes the ecology of wood inhabiting micro-organisms, modelling of forest disease dynamics, fine root pathogens in Scots pine forests and biological control of pathogens. The current emphasis is on alien invasive pathogens impacting on European forestry. In addition to work in north temperate forests, Dr Woodward has also worked on pathogenic fungi in tropical forests and on genotyping of important tropical timber species. During the course of this work, he travelled extensively in Europe, North America, Africa, Asia and Australasia.

Trustees' Report continued

Structure, Governance and Management of the Trust

The Scottish Forestry Trust is a charitable trust established in 1983. The Board of Trustees has the sole power to make decisions for the Trust. Full meetings of the Trustees are held three times per year and the Projects and Research Committee, which evaluates applications for grant aid, meets a month before each Trustees' meeting. Trustees give freely of their time. In the case of the Chairman and members of the Projects and Research Committee, this is in excess of ten days per person each year. The Director is responsible directly to the Chairman for the day-to-day organisation and management of the Trust's business.

The Trustees review annually the measures in place to alleviate danger of major risks to its continued operation. It has been agreed with the Investment Managers that the investment portfolio should be managed on a medium to low-risk, total return basis with due consideration to the Trust's aims and objectives. The Trust's administration, provision of professional services and management procedures are periodically reviewed and in June 2007, the Investment Management was transferred to Cornelian Asset Managers Ltd, Edinburgh.

Reporting on Objectives

The primary objective of the Scottish Forestry Trust is to support British forestry by contributing to the scientific, technical and economic information required to support its development. Projects in all of the sciences, which bear upon forestry, may be supported. Priority is given to proposals that address industry needs related to policy formation and execution, and to broad management questions. "Forestry" is defined in the widest sense, and includes production and use of all forest products and its contribution to landscape, recreation, wildlife, the environment and rural development. In general terms, preference is given to studies of an applied nature where the benefits are more immediately available to the profession. Notwithstanding that, fundamental work, with potential to resolve outstanding problems, or reveal new opportunities, is also supported. Overall the Trustees take a flexible approach and are open to discuss new research projects.

The Trust's major contribution has been in funding research projects, although as opportunities arise, educational and training projects are supported. A small proportion of the budget is set aside for publications and travel.

The objectives of the trust continue to be met fully with grant aid being provided for projects on research (approximately 80% of the aid), and education (about 20%) aimed at the general public. A proportion of the "research component" is providing education and training of post-graduate students. The projects being supported are enhancing various aspects of British forestry by contributing scientific and technical information as well as making the general public more aware of the many benefits from forestry.

Activities and Achievements

A list of projects supported since the Trust started providing grant aid in 1986 is provided on the website (www.scottishforestry.org.uk). This year the Trust has received many more good quality applications for support than it could fund. However, the current portfolio of projects, as reported later, is greater in number and breadth of coverage of subjects than at any previous time. This has placed considerable pressure on the Trust's resources and every opportunity is being made to use the Trust's contribution to lever funds from other sources.

Trustees have made a number of proposed amendments to the Trust Deeds and Rules in order to bring them up to date in respect of the future appointment of Trustees and the consultation process required for any ConFor nominee.

During the year, we undertook to completely refresh the Trust's website presence and it will in future, be the vehicle through which we disseminate project updates; application advice and guidance and progressively, summaries of recently completed projects.

Completed Projects

Incidence and Biology of *Anisogramma virgultorum* on Birch in Scotland (Forest Research)

This is the first comprehensive study of this pathogen in Scotland and it confirmed that both *Betula pendula* and *B. pubescens* are susceptible to infection in spring from bud break through to shoot elongation. Cankers develop within three to four months from initial infection. A survey of 90 site-natural birch stands across Scotland found *A. virgultorum* on only 13, and at each site, except three, there was a low incidence. The final report was presented in April 2008.

Volunteering in Woodlands (Forest Research)

The aim of this project is to provide a better understanding of the motivations for, barriers to and benefits of environmental volunteering for volunteers and the organisations involved. Primary data collected in the autumn 2007 was from 13 organisations across Britain involving 88 volunteers, 11 national/regional and 15 local organisation representatives. The research clarifies the difficulties of drawing a clear boundary between what motivates people to get involved in volunteering and the benefits they receive. It goes on to identify new ideas in terms of policy, practice and further research. The report was completed in July 2008.

Guides to Collection of Bulbs & Mosses (Reforestation Scotland)

Codes for the responsible collection of mosses and bulbs in Scotland have now been prepared for publication and distribution and are available through the following website <http://www.forestharvest.org.uk/guidelines/harvestingguidelines.htm>.

Scottish Finest Woods Awards

The Trust completed its three year funding support as one of the major sponsors of the awards. The Schools award for 2008 went to St Joan of Arc School in Glasgow.

Trustees' Report continued

Ongoing Projects

Genetic Heritability of Wood Properties of Sitka Spruce Critical to Timber Strength (University of Aberdeen)

In this study timber stiffness was found to be mainly determined by microfibril angle and wood density. With increasing growth rate, wood density generally decreases however there is little correlation between growth rate and microfibril angle. The moderate heritability of microfibril angle should enable gains in wood stiffness to be achieved without compromising growth rate. The project concludes during 2009/10.

Adaptation of British Tree Populations to Climate Change (Bangor University)

The aim of this PhD is to study the implications of climate change for ash. The adaptability of native ash populations to predicted climates in 2080 is being studied by planting seedlings on sites in the UK and France, and by laboratory studies. Good progress is being made with work on the phenology of budburst, flowering, seed stratification and germination, and seedling production in a forest nursery. The project concludes in 2010/11.

Survey of Bechstein's Bats (Bat Conservation Trust)

The Bechstein's bat is a rare tree-dwelling bat, mostly found in old growth woodlands. The bat is difficult to detect using standard methods due to elusive feeding, roosting and echolocation behaviour, so little is known about its distribution in the UK. This three year study is designed to improve our knowledge of the species and help protect them. The project is due to finish in 2011/12.

Timber Quality Model for Scots Pine (University of Aberdeen)

The objective is to develop a model to predict the effects of silviculture on Scots pine and to use the model to improve the accuracy and applicability of field stem-quality assessments. The project concludes during 2010/11.

Testing the Adaptive Significance of Seed Zones in Scots Pine (University of Edinburgh)

This project will use a combination of molecular markers and growth experiments to assess the effectiveness of designated seed zones in Scots pine for the conservation of adaptive variation. The project is due to be completed during 2010/11.

Continuous Cover Forestry in Glentress (Edinburgh University)

This Ph.D. project is intended to provide updated data on the forest structures in the Glentress CCF trial area which was established in 1952. It will test a range of measuring and modelling techniques and will help to develop practical management options for the site whilst demonstrating the wider applicability of management systems to other upland conifer forests. The project is due to conclude in 2011/12.

New Projects

Social History of Forestry (UHI Millennium Institute)

This project aims to research through personal interviews and ultimately produce a book describing the contribution that forestry has made to the social fabric and economy of Scotland. Looking back to the early 1900's, the work will include interviews with a number of surviving individuals who either worked in "the forestry" or had an influence in its policy development and added value processing.

Sitka Spruce Segregation and Cutting (Centre for Timber Engineering)

A Ph.D. study to use existing stress wave based and visual assessment methods to measure the extent of variation in log quality and mechanical properties within the wood supply catchment of a sawmill. The research will also test new cutting patterns for lower stiffness logs to maximise quality yield.

Documentary – "Finding David Douglas" (Forestry Commission)

A contribution towards the costs of researching and filming an educational documentary programme on the life and work of David Douglas, botanist and explorer who travelled extensively to bring back new plant species to Scotland, including the Douglas Fir.

Financial Review

The financial statements prepared comply with the requirements of the Trust Deed and the Charities Accounts (Scotland) Regulations 2006. The audited accounts are presented later in this report. The auditors observe that the financial statements give a true and fair account of the Trust's affairs at 31 March 2009.

The Trust has the following Socially Responsible Policy for its assets.

The management of the investment portfolio of the Scottish Forestry Trust takes due consideration of the Trust's aims and objectives. The Trustees seek to invest in companies that will successfully develop their business financially in the interests of their shareholders, and demonstrate responsible employment and best corporate governance practices. The companies should be conscientious with regard to human rights and environmental performance, including the sustainability of forests. Moreover, companies should act with sensitivity to the communities in which they operate. Investment in any company that promotes pornography, or where the principal business is in tobacco or weapons manufacturing is avoided. Given the complexity of many companies, some will have business interests in areas we seek to avoid: these investments are monitored to evince that they meet our broader criteria.

The performance of the investment portfolio and expenditure is reviewed every four months and action taken where appropriate to improve the financial position of the Trust. It has been agreed with the Investment Managers that the investment portfolio should be managed on a medium to low-risk, total return basis with due consideration to the Trust's aims and objectives. The Trust's administration, provision of professional services and management procedures are periodically reviewed. At the 31st March 2009 the net assets of the Trust were £1,760,455 compared to £2,289,693 at the same date in 2008, due primarily to a decrease in the market value of the investment portfolio.

In general the Trustees in drawing up budgets look for a target of total expenditure on project grants, administration and professional services of 5% of the average market value of the investment portfolio of the previous year. The resources expended this year are within that target, however the value of the investment portfolio decreased due to the significant fall in the stock market. Total costs were £142,283 while the income from dividends, bank account interest and donations was £75,043. The shortfall of £67,240 was taken out of the investment assets. The loan of £60,000 continued to be provided to the Confederation of Forest Industries on payment of interest at 2.5% per annum above the bank base rate and waiving of rent and secretarial charges. The loan was completely repaid on 4th June 2008.

Performance

The quality of the projects being supported is of a high standard and relevant to the needs of people and organisations using British forests and in addressing future issues. The investment portfolio significantly decreased in value this year after several buoyant years.

Plans for the Future

Because of the downturn in the performance of our investment portfolio and our already existing forward commitment to projects of £169,030, Trustees decided to suspend further funding application rounds until December 2009 at the earliest. This will enable Trustees to review the funds performance and to consider other potential funding partnership arrangements to allow the Trust to continue its support for future forestry research.

Trustees' Report continued

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Law applicable to Charities in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing the financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements, comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the requirements of the charity's trust deed. The applicable law also sets out the Trustees' responsibilities for the preparation and content of the Trustees' Annual Report. The Trustees are also responsible for safeguarding the assets of the Charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Trustees



Dr John Kissock OBE
Chairman
13th August 2009

Financial Statements

Statement of Financial Activities (Incorporating the Income and Expenditure Account) For the year ended 31 March 2009

	Notes	Unrestricted 2009 Total £	2008 Total £
Incoming resources			
Incoming resources from generated funds:			
Voluntary income		1,404	720
Investment income	2	75,043	90,351
Incoming resources from charitable activities		1,161	25
Total incoming resources		77,608	91,096
Resources expended			
Cost of generating funds:			
Investment management costs		9,185	10,940
Charitable activities	3	130,714	93,164
Governance costs	6	2,384	2,431
Total resources expended		142,283	106,535
Net outgoing resources before other recognised losses		(64,675)	(15,439)
Other recognised losses			
Loss on investment assets			
Realised		(46,331)	(57,064)
Unrealised	9	(418,232)	(200,399)
Net movement in funds		(529,238)	(272,902)
Reconciliation of funds			
Total funds brought forward		2,289,693	2,562,595
Total funds carried forward		1,760,455	2,289,693

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above.

The notes on pages 13 to 18 form part of these financial statements.

Financial Statements continued

Balance Sheet

As at 31 March 2009

	Notes	2009 £	2008 £
Investments	9	1,540,186	1,980,661
Current assets			
Investment – loan	10	–	60,000
Bank	11	225,847	257,136
Debtors	12	1,737	5,414
		227,584	322,550
Creditors: amounts falling due within one year	13	(7,315)	(13,518)
		220,269	309,032
Net assets		1,760,455	2,289,693
Represented by: Unrestricted funds	14	1,760,455	2,289,693

Approved by the Board of Trustees on 13th August 2009 and signed on its behalf by:



Dr J A Kissock OBE
Chairman



Guy Watt
Trustee

The notes on pages 13 to 18 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 March 2009

1 Accounting Policies

Basis of Accounting

The financial statements are prepared under the historical cost convention modified to include the revaluation of investments at market value, and they comply in every material respect with the applicable accounting standards, the Statement of Recommended Practice – Accounting and Reporting by Charities 2005 (SORP), the Charities Accounts (Scotland) Regulations 2006, and the Charities and Trustee Investment (Scotland) Act 2005.

Tangible Fixed Assets

Tangible fixed assets are capitalised at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Office equipment	20%
Computer equipment	33%

Assets below £100 are not capitalised in the balance sheet.

Investments

Investments are included in the balance sheet at their market value at the balance sheet date. Gains and losses arising are recognised in the Statement of Financial Activities.

Investment Income

Investment income is recognised when receivable, together with any recoverable tax credits.

Donations

Donations are recognised when receivable.

Expenditure Allocation

Where possible expenditure has been charged direct to charitable expenditure, cost of generating funds or governance costs. Where this is not possible the expenditure has been allocated on the basis of time spent by staff on each activity.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.
- Costs of generating funds comprise investment management fees.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Value Added Tax

The company is not registered for Value Added Tax and accordingly expenditure is stated gross.

Trust Funds

The Trust has a General Fund which is split between capital and revenue. Under the Trust Deed, the Trustees are empowered to use both capital and revenue for any of the purposes of the Trust and to accumulate revenue. This is modified by the Trust rules to require the Trustees not to so deplete capital that the Trust cannot act properly as a charitable organisation.

Notes to the Financial Statements continued

For the year ended 31 March 2009

2 Investment Income

	2009 £	2008 £
UK listed investments	71,290	77,774
Loan interest receivable	621	4,503
Interest on cash deposits	3,132	8,074
	75,043	90,351

3 Charitable Activities

	Grant funding £	Support costs £	2009 £	2008 £
Education	–	8,957	8,957	14,480
Research	85,930	35,827	121,757	78,684
	85,930	44,784	130,714	93,164

4 Grant Funding – Project Grants

	2009 £	2008 £
Education		
Memorial to Women's Timber Corp	–	5,000
Scotland's Finest Woods Awards	–	3,000
Guide Notes: Collection of Mosses/Bulbs	–	1,000
Research		
Scots Pine Conserving Adaptive Variation	13,800	6,900
Scots Pine Timber Quality Model	10,525	10,525
Economic Value of Tree Improvement	9,416	–
Heritability of Sitka Wood Properties	8,775	8,775
Aspen Seed Orchard	1,176	–
SFT Fellowship	5,900	–
Continuous Cover Forestry Glentress	9,913	–
<i>Anisogramma</i> on Birch	7,955	–
Volunteering in Woodlands	2,470	5,030
Sitka Spruce Rotations and Grade Recovery	5,000	5,000
Sitka Spruce Raw Material Segregation	6,500	–
Survey Bechstein's Bats	–	5,000
Measurement of Root Area*	–	1,500
RSE Inquiry into Future of Upland Areas	2,500	2,500
Species Colonization in Wooded Landscapes	–	5,634
Locations of Superior Scottish Beech*	–	2,300
Forest Industries Recruitment. & Retention	2,000	–
Adaptation of Tree Populations to Climate Change	–	2,000
Govt. Intervention in Forestry: CJC Consulting Reports*	–	1,600
	85,930	65,764

All of the above grants were made to institutions or (*) consultants.

5 Allocation of Support Costs

Support costs are allocated on the basis of estimated time spent on each activity and are shown in the table below:

	Charitable activity education £	Charitable activity research £	2009 Total £	2008 Total £
Support costs				
Employment costs	4,094	16,378	20,472	18,660
Office costs	2,589	10,356	12,945	1,892
Trustees' expenses & meeting costs	523	2,093	2,616	2,214
Payroll	81	323	404	331
Solicitor's fee	1,660	6,641	8,301	4,204
Bank charges	10	36	46	99
	8,957	35,827	44,784	27,400

Support costs are allocated 20% to education and 80% to research which the Trustees consider to be a fair split of the amount of time spent on each charitable activity.

The exceptionally low office cost figure recorded for 2008 reflected the relief from rental and administration costs given to the Trust as part of the loan arrangement agreed with ConFor in 2005. On repayment of the loan in 2008 the Trust reverted to paying a commercial rate for provision of these services.

6 Governance Costs

	2009 £	2008 £
Audit fees	2,046	2,030
Production of annual report	338	401
	2,384	2,431

7 Staff Costs

	2009 £	2008 £
Director's salary	18,958	17,135
Social security	1,514	1,525
	20,472	18,660

	No.	No.
The average number of employees during the year was:		
Administration	1	1

During the year the trustees received no remuneration, but four trustees were reimbursed expenses totalling £1,299 (2008: £1,273). These expenses were incurred in respect of travel and subsistence while attending Trustees' meetings.

No employee received emoluments over £60,000.

Notes to the Financial Statements continued

For the year ended 31 March 2009

8 Fixed Assets

	Office equipment £
Cost	
At 1 April 2008 and 31 March 2009	1,198
Depreciation	
At 1 April 2008 and 31 March 2009	1,198
Net Book Value	
At 31 March 2009 and 31 March 2008	–

9 Investments – Fixed Assets

	2009 £	2008 £
Market value at 1 April 2008	1,980,661	2,343,343
Additions at cost	462,419	721,946
Disposals	(484,662)	(884,229)
Net unrealised losses on revaluation	(418,232)	(200,399)
Market value at 31 March 2009	1,540,186	1,980,661
Historical cost at 31 March 2009	1,695,869	1,697,030

The following individual holding accounted for greater than 5% of the total market value of the charity's investments.

	2009 Total £	2009 Total %
BP PLC Ord US\$0.25	80,155	5.20

10 Investments – Current Assets

	2009 £	2008 £
Loan to Association of Timber Growers and Forestry Professionals Limited (known as the Confederation of Forest Industries)	–	60,000

The loan was interest bearing and secured by a second ranking standard security.

The loan together with any interest thereon was due to be repaid no later than 31 December 2005. However the repayment of the loan was delayed while ConFor sold their premises and the proceeds received. The loan was repaid on 4 June 2008.

11 Bank

	2009 £	2008 £
Operating accounts	44,685	39,126
Capital accounts with investment manager	181,162	218,010
	225,847	257,136

12 Debtors

	2009 £	2008 £
Other debtor	–	941
Accrued income	1,716	4,301
Prepayments	21	172
	1,737	5,414

13 Creditors

	2009 £	2008 £
Other creditors	2,067	5,824
Accruals	5,248	7,694
	7,315	13,518

14 Movement in Funds

	Balances at 1 Apr 2008 £	Incoming resources £	Outgoing resources £	Investment loss £	Transfer £	Balances at 31 Mar 2009 £
Unrestricted funds						
Revenue fund	–	77,608	(142,283)	–	64,675	–
Capital fund	2,289,693	–	–	(464,563)	(64,675)	1,760,455
	2,289,693	77,608	(142,283)	(464,563)	–	1,760,455

During the year transfers of £64,675 were made from the capital fund to the revenue fund to cover deficits incurred on unrestricted funds during the year.

Notes to the Financial Statements continued

For the year ended 31 March 2009

15 Analysis of Net Assets Between Funds

	Capital fund £	Total £
Investments	1,540,186	1,540,186
Current assets	227,584	227,584
Current liabilities	(7,315)	(7,315)
Total net assets	1,760,455	1,760,455

16 Commitments

The Trust has made commitments to pay grants, conditional on the research continuing and satisfactory reports being received by the Trustees, as follows:

Financial year	Total £
2009/10	76,704
2010/11	54,740
2011/12	30,086
2012/13	7,500

17 Related Party Transactions

The Trust rents office accommodation and receives administrative support from the Confederation of Forest Industries (ConFor) in accordance with an agreement dated 7 October 2008. Mr Colin Mann is a Trustee of The Scottish Forestry Trust and a member of the Board of Directors of ConFor. The Trust paid office rent of £3,951 (2007/8: £Nil) and administrative support costs of £4,076 (2007/8: £1,975).

£2,000 was paid as a grant during the year to the University of Wales, Bangor for a project on *Adaptation of Tree Populations to Climate Change*. Dr C M Cahalan, who is a Trustee of The Scottish Forestry Trust is senior lecturer in that university.

£8,775 and £10,525 were paid as grants during the year to the University of Aberdeen for projects on *Heritability of Sitka Spruce Wood Properties* and a *Scots Pine Timber Quality Model*. Dr S Woodward, who is a Trustee of the Scottish Forestry Trust is a reader in that university.

£7,955 and £5,900 were paid in grants to Forest Research for projects on *Anisogramma on Birch* and the *SFT Fellowship*. Dr Chris Quine is a Trustee of The Scottish Forestry Trust and Head of Station at the Northern Research Station, Forest Research.

Independent Auditors' Report to the Trustees of The Scottish Forestry Trust

We have audited the financial statements of The Scottish Forestry Trust for the year ended 31 March 2009 set out on pages 11 to 18. These accounts have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Trust'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. Our audit work has been undertaken so that we might state to the 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 Trust and the Trust's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

The responsibilities of the trustees for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with the accounts, if the Trust has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2009 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and UK Generally Accepted Accounting Practice.

CHIENE + TAIT

Chartered Accountants
and Registered Auditors
61 Dublin Street
Edinburgh
EH3 6NL

8th September 2009

Recipients of John Eadie Memorial and SFT Fellowships

John Eadie Memorial Fellowships were awarded in 1998, 2000 and 2002. The aim of the fellowship is the betterment of British forestry by making use of expertise not readily available here.

1998: Professor Richard H Waring, Oregon State University, USA
Dr Euan G Mason, University of Canterbury, NZ

2000: Professor William R Burch, Yale University, USA

2002: Dr Jean-Michel Leban, INRA, FRANCE

The SFT Fellowship was awarded as follows:

2008: Dr Phil Comeau, University of Alberta, Canada

1 Measuring sample logs – Rotation Length and Grade Recovery of Sitka Spruce project



1

2 Placing pollination bags on ash to investigate outbreeding depression – The Adaptation of Ash to Climate Change project




2

3 Horse Extraction, South Laggan – Social History of Forestry



3



The Scottish Forestry Trust
59 George Street
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www.scottishforestrytrust.org.uk