

# SUPPORTING RESEARCH AND EDUCATION IN FORESTRY

Charity No. SC008465








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## SELECTED HIGHLIGHTS FROM THIS YEAR'S REPORT

-  **John Kissock** OBE stood down as Chair of the Trust after ten years of service. His successor as Chairman is Robert Scott OBE.
-  Since establishment in 1986, the Trust has **provided over £1.7m to support 115 forestry research and education** projects with an average contribution of just under £15,000 each. This year, we made minor contributions to two new projects which were also completed within the year.
-  The diversity of SFT's funding is demonstrated in the **four projects completed this year** – The Genetic Heritability of Sitka Spruce Wood Critical to Timber Strength; Production of the "Finding David Douglas" documentary; Scotland's Finest Woods Silver Jubilee Awards and a Booklet on Cashel – The Forest for a Thousand Years.
-  The 2008 SFT Fellow **Dr Phil Comeau** of the University of Alberta completed his work on stand density indices for continuous cover forestry systems. As well as publishing his findings, Dr Comeau has presented lectures throughout the UK.
-  At the 31st March 2010 the **Trust's investment portfolio was valued at £2,121,527, an increase of £581,341** due primarily to an increase in the market value of the investment portfolio.



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**Adam & Hugh Thom**  
Social History of  
Forestry Project

**A Bechstein's Bat  
Project Surveyor**  
Bechstein's Bat Project  
(©BCT Shirley Thompson)

**Downloading Weather Data  
Adaptation of Ash project**

**Tree Sampling**  
Measuring crown projection  
in Scots pine at Tomvaich  
Wood, Morayshire

**Field Work 1**  
CCF  
In Glentress

**A Long-eared Bat Caught  
In The Harp Trap**  
Bechstein's Bat Project  
(©BCT Shirley Thompson)

**Project Meeting**  
Kielder SFT Fellowship

**Field work 2**  
CCF  
In Glentress



# CHAIRMAN'S FOREWORD



**R W L SCOTT, OBE**

After ten years' service as a Trustee, including two as Chairman, Dr John Kissock retired from the Scottish Forestry Trust in December 2009. I would like to pay tribute to the outstanding effort and commitment John contributed to the Trust over these years, and in particular steering it through difficult financial times during his last year in office. We wish him a long and happy retirement.

Two new Trustees have been appointed. I am delighted to welcome Gordon Callander, who comes to the Trust with many years' experience in the wood processing sector; and also Alan Black, who brings a wealth of charity fund management experience to the Trust.

Whilst 2008/09 marked a low point in the performance of the Trust's investment portfolio, 2009/10 showed a significant recovery, and by the end of March 2010 the **portfolio was valued at £2,121,527**, an increase on the year of £581,341. However, the Trustees are conscious of ongoing market volatility, and of the need to maintain the Trust's cash outgoings within its income.

Reluctantly, therefore, we were unable to support any new major funding applications during the year, but did, however, provide nearly £54,000 to eight existing projects, and were able to provide minor contributions of £500 each to two new projects during the course of the year.

Supporting research projects is the fundamental reason for the Trust's existence and we intend to resume accepting funding applications as soon as it is prudent for us to do so. Further information can be found on our website [www.scottishforestrytrust.org.uk](http://www.scottishforestrytrust.org.uk) which will be regularly updated.

The Trust Deeds and Rules were approved by OSCR, and accurately reflect the appointment procedures for new Trustees.

I would like to thank our director, Bob Stubbs, for all that he has achieved since taking up his appointment. I would also like to thank the Trustees, all of whom give freely of their time, knowledge and experience in pursuit of the Trust's objectives.

***'Supporting research projects is the fundamental reason for the Trust's existence and we intend to resume accepting funding applications as soon as it is prudent for us to do so.'***

# DIRECTOR'S REPORT



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## BOB STUBBS, DIRECTOR

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Despite a very challenging year for the Trust's investment portfolio, we did start to see the start of an upturn in the wider economy and the start of a recovery in our asset valuation. Hopefully, this improvement can be sustained providing us with the opportunity to take new applications for assistance once again. Thanks go to Cornelian Asset Managers Ltd and to June Jessop in particular, for the active management of our portfolio and for keeping Trustees regularly informed of our position during the year.

In Governance terms, we were pleased to receive confirmation from OSCR that our amendments to our Deeds had been accepted and my thanks go to the legal team at HBJ Gateley Wareing for their support and guidance with the process.

We also prepared a Disaster Recovery Plan and updated our Risk Assessment Matrix to ensure that we adhere to best practice. Both these documents are now periodically reviewed and updated at Trustees' meetings.

Most importantly, and despite being unable to support significant new projects during the year, we were able to continue to support some excellent research work, which I am

delighted to report, is all progressing to time and on budget. We have a really broad portfolio of projects in hand just now, five of which are supporting postgraduate student research. You can read more about these further on in the report. Trustees are particularly keen to see this type of research activity supported in the years ahead and once we return to a more sustainable pattern of funding, we will be looking to continue this type of support in the future.

It is worth reminding readers that since its inception in 1983, The Scottish Forestry Trust has supported **115 projects with over £1.7 million** of financial support. Starting with a fund worth £1.3 million and now valued at just over £2.2 million at the year end, this shows how prudent management over the intervening years, has led to a significant investment in the British forestry sector.

I too would like to add my thanks to Trustees both current and past for their support, drive and commitment to the work of the Trust.

Finally and on behalf of Trustees, I would like to express my gratitude to Tayburn, who have once again designed and produced this Annual Report completely free of charge.

# TRUSTEES' REPORT



## TRUSTEES, OFFICIALS AND ADVISERS 2009-2010

### Chairman

Dr John A Kissock (to December 2009)

### Trustees

A Black (from January 2010)

Dr C M Cahalan\*\*

G Callander (from January 2010)

A C Hart

C Mann

W McGhee\*

Dr C P Quine\*

R W L Scott OBE (Chairman from January 2010)

G R Watt\*

M Williams MBE

Dr S Woodward\*

### Staff

Director: Bob Stubbs: Responsible for day to day management of the Trust

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  
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EH3 8EH

### Auditors

Chiene & Tait  
Chartered Accountants  
61 Dublin Street  
Edinburgh  
EH3 6NL

### Investment Managers

Cornelian Asset Managers Ltd  
21 Charlotte Square  
Edinburgh  
EH2 4DF

### Registered Office

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Edinburgh  
EH2 2JG

**Tel:** 0131-240 1413 **Fax:** 0131-240 1411

**Email:** [director@scottishforestrytrust.org.uk](mailto:director@scottishforestrytrust.org.uk)  
[www.scottishforestrytrust.org.uk](http://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

The Callendar Charitable Trust

\*Member, Projects and  
Research Committee

\*\*Chairman, Projects and  
Research Committee





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## APPOINTMENT OF TRUSTEES AND INDUCTION

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



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## BIOGRAPHICAL NOTES ON CURRENT TRUSTEES

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**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. John stood down as Chairman of the Scottish Forestry Trust in December 2009.

**Alan Black** worked in the Scottish financial sector for 30 years, managing Private Client and Charitable monies for the Royal Bank of Scotland Investment Department and Capital House Investment Management. In 1996, he joined Newton Investment Management where he was a Director of Investment Management (Private Investment). He is currently a Director of the Aged Christian Friend Society of Scotland and a member of the Scottish Community Foundation Finance Committee. Alan joined the Trust in January 2010.

**Dr Christine Cahalan** is Senior Lecturer and Acting Head of the School of the Environment and 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



## BIOGRAPHICAL NOTES ON CURRENT TRUSTEES (cont)

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.

**Gordon Callander** Having completed undergraduate and post graduate degrees at the University of Edinburgh and Imperial College respectively, Gordon joined the family sawmilling firm in 1986 and has been involved in all aspects of running the company with a day to day focus on processing. He has served on a number of industry related bodies over the years including as Convenor of U.K. Softwood Sawmillers Association Health & Safety sub-committee; Convenor of U.K. Forest Products Association Technical & Development sub-committee; President of U.K. Forest Products Association; Board member of Timber Research and Development Association, Member of the Technical Sub-committee, Forestry Commission Advisory Panel. Gordon joined the Trust in January 2010.

**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. Through his career he has worked in all aspects of forest management in Scotland including the promotion of forestry as an investment medium in the capacity 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, as well as the UK, long term business development in 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 is a young company specialising mainly in the development of small scale renewable energy projects, utilising fuels derived from forest harvesting operations. His career has allowed him to develop expertise particularly in the economic development of the UK's commercial 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; one of Scotland's leading community led environmental NGO's. 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).



## BIOGRAPHICAL NOTES ON CURRENT TRUSTEES (cont)

**Dr Chris Quine** is Head of Centre of the Centre of Human and Ecological Sciences 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. Robert was appointed Lord Lieutenant for Tyrone in July 2009 and was made Chairman of the Scottish Forestry Trust from January 2010.

**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. Guy is the Deputy Chairman of the Scottish Forestry Trust effective from January 2010.

**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



## BIOGRAPHICAL NOTES ON CURRENT TRUSTEES (cont)

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.



## 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 forests' 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 also 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.



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## STRUCTURE, GOVERNANCE AND MANAGEMENT OF THE TRUST

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**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 low-medium 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.



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## ACTIVITIES AND ACHIEVEMENTS

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**A list of projects supported since the Trust started providing grant aid in 1986 is provided on our web site ([www.scottishforestry.org.uk](http://www.scottishforestry.org.uk)). The current portfolio of projects, as reported later, continues to be strong and varied in content.**

This has placed considerable pressure on the Trust's resources and the we are continuing to investigate ways of partnering with other organisations in order to achieve greater leverage from the funds it has to hand.

Trustees have made a number of 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. These amendments were approved by OSCR in November 2009.

The Trust maintained a moratorium on investing in significant new project commitments during the year in recognition of the difficult situation we faced with the overall performance of our investment portfolio. Trustees are continually reviewing the situation on a regular basis and

fully intend to recommence assisting new proposals as soon as it is prudent to do so.

We had a number of additions to Trustees and changes in roles during the year. Robert Scott OBE took over as Chairman from John Kissock OBE who stood down in December 2009. Guy Watt was appointed Deputy Chairman with effect from January 2010 and new members Gordon Callander and Alan Black bring processing industry and fund management experience respectively to the Trust.

During the year, we continued to update the Trust's website through which we disseminate project updates; application advice and guidance and summaries of recently completed projects.



## COMPLETED PROJECTS

**SFT Fellowship Award 2008.** Prof. Phil Comeau visited Britain in April and May of 2009 and made presentations at Alice Holt Research Station (Forest Regeneration Methods in Western Canada, April 21 2009) and Oxford University (Forest Regeneration Methods in Western Canada, April 24 2009). Results from the research were also presented and discussed at a workshop on Continuous Cover Forestry for Sitka Spruce held at Kielder Castle on April 29, 2009 which was attended by 34 staff from the Forestry Commission and industry.

One manuscript presenting results from analysis of density-size relationships has been submitted to Forestry and is currently under review. Data analysis has been completed and writing is underway for a second manuscript describing relationships between gap fraction and stand characteristics. A detailed final report has been received by the Scottish Forestry Trust.

**Scotland's Finest Woods Awards: Silver Jubilee Awards Programme.** Scotland's Finest Woods is staging a special silver jubilee awards programme in 2010. In addition to its popular Schools and Community Woodlands Awards, this year's competitions include a special Silver Jubilee Prize in which previous winners compete to be crowned the champion of champions. A new website and a targeted promotional campaign have led to a record entry so it will be the most hotly contested competition in the award programme's 25-year history.

The awards provide an opportunity to showcase all that is best in Scottish forestry and winners are presented with their prizes at the Royal Highland Show.

**Genetic Heritability of Wood Properties of Sitka Spruce Critical to Timber Strength (University of Aberdeen).** Traits that determine

wood strength were found to be moderately heritable providing the opportunity to improve timber strength. Despite the negative correlation between growth rate and some key wood quality traits associated with timber strength, selection of certain families would enable modest gains to be made in both growth rate and wood quality. The main area of concern in terms of wood quality is the weaker wood of the juvenile core. Further increases in growth rate will likely lead to a greater proportion of the cross section of the tree stem being composed of juvenile wood on reaching rotation size. The ability to select trees for MOE with the use of acoustics along with the moderate inheritance of this trait should enable good improvements in the wood quality of Sitka spruce to be possible.

**Cashel – The Forest for a Thousand Years (RSFS Forest Trust Company).** This booklet records the progress made over the first ten years of the Cashel Native Forest project in a combination of photos and details of the management plan and achievements on the ground to date. It goes on to confirm the vision for the project by publishing a shortened version of the Management Plan which will guide the management team for the next ten years.

**'Finding David Douglas' (Forestry Commission)** This educational DVD will be completed and available for general viewing in late 2010 once the final editing is completed. The project has involved filming on a global scale including location visits to Hawaii, California, Oregon and Washington State in the US, the Fraser River in British Columbia, York Factory on Hudson's Bay as well as various locations in Scotland. Two preliminary viewings have been conducted before selected audiences to both gauge initial response to the documentary and to promote the final



## COMPLETED PROJECTS (cont)

version. These were held in October 2009 at the Festival Theatre in Pitlochry and at the World Forestry Centre in Portland, Oregon in April 2010. Feedback at both events has been extremely positive with useful additional advice on how to make the final product even better. Good links have been made with forestry interests in the US Forest Service in the Pacific Northwest (co-sponsors of the

documentary) highlighting the work of reforestation Scotland and particularly the work of the key tree species introduced by David Douglas. The final version of the DVD will be made freely available to all interested educational stakeholders and utilised in promoting Scotland's rich forestry heritage.



## ONGOING PROJECTS

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

Now in its fifth year, this part time PhD is investigating the suitability of ten provenances of *Fraxinus excelsior* for predicted future climates in the UK. A series of reciprocal transplant experiments was planted in 2008 along a latitudinal gradient from Inverness to the Pyrenees to test each provenance at each location, and were assessed for survival, growth and budburst in 2009 and 2010. Growth parameters will be assessed a final time during winter 2010.

### **Survey of Bechstein's Bats (Bat Conservation Trust).**

The Bechstein's bat project aims to establish baseline distribution data for this rare tree-dwelling bat by surveying woodlands throughout its UK range. In 2009 surveys took place across six counties (Cornwall, Devon, Dorset, Kent, Oxfordshire and Surrey). In total 363 bats of 12 species were recorded, this included 14 new records of Bechstein's bats in Dorset, Kent and Surrey. In the final year of the project the group will survey across Buckinghamshire, Gloucestershire, Somerset and Worcestershire with volunteers from these counties being trained and provided with equipment to undertake surveying.

### **Timber quality models for Scots pine (University of Aberdeen, Forest Research).**

The aims of the project are to develop a distance-dependent tree-level growth model for Scots pine for use in Scottish conditions; to map wood properties for individual trees grown under different silvicultural systems in order to predict the effects of silviculture on timber properties; and to use the newly developed timber quality model (validated using an existing independent dataset) to improve the accuracy of field stem quality assessment of Scots pine. Extensive measurements have been made of wood samples using static bending, Silviscan and X-ray diffraction densitometry techniques. These data will be used to develop models for wood stiffness and strength, and variation in fine-scale wood properties. Models for branching characteristics have been completed.

### **Social History of Forestry (UHI Millennium Institute).**

This project, which got underway in May 2009, is researching the contribution that forestry has made to the social fabric and economy of Scotland, using a combination of oral and documentary history. By April 2010, 44 people had been interviewed involving around 120 hours of recorded material.



## ONGOING PROJECTS (cont)

The project team pursued a number of strands over the year and interviewees have included forest workers with forty years service, senior academics, FC headquarters personnel, forestry consultants and veteran hauliers. There was some geographical concentration on South West Scotland during 2009. Two editions of the project's newsletter, Offcuts, were produced, and can be downloaded from our forestry memories website. This website, [www.forestry-memories.org.uk](http://www.forestry-memories.org.uk), underwent a major overhaul and now offers visitors many new features, whilst retaining the popular image library. There are currently over 500 photographs and 210 comments. Plans for 2010 include a focus on the Borders and North East, as well as the processing sector and private estates.

### **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/ Forest Research).**

The Scottish Forestry trust is supporting a PhD "Developing the Silviculture of Continuous Cover Forestry: using the experience and data collected from the Glentress trial area". The scientific approach includes the examination of stand structure, assessments of sapling survival, regeneration physiology and modelling. The data collected will allow the parameterisation of the hybrid patch model, PICUS V1.4. Stand information collected during the PhD will be used in conjunction with historical data sets to enable analysis and prediction of future forest structures. This work will contribute to an improved understanding of upland CCF management.





## 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 2010.

The Trust has the following Social Responsibility 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 2010 the net assets of the Trust were £2,232,420 compared to £1,760,455 at the same date in 2009, due primarily to an increase 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, and the value of the investment portfolio increased due to the slight recovery in the stock market. Total costs were £115,457 while the income from dividends, bank account interest and donations was £66,039. The shortfall of £49,418 was taken out of the investment assets.



## 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 increased in value this year after wise investment decisions.



## PLANS FOR THE FUTURE

The Trust's funds over the next three years are under pressure as there are commitments of £92,326 to support projects and uncertainty in the stock market continues to exist. The Trustees continue to carefully monitor the financial situation and intend to resume

accepting funding applications as soon as it is prudent to do so, but the selection process will have to be even more rigorous than in the past and Trustees will look to other funding bodies to help support important projects.



## 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**

**Robert Scott** OBE

27th August 2010

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account)

	Notes	Unrestricted 2010 Total £	2009 Total £
<b>Incoming resources</b>			
Incoming resources from generated funds:			
Voluntary income		620	1,404
Investment income	2	63,462	75,043
<b>Incoming resources from charitable activities</b>			
Total incoming resources		66,039	77,608
<b>Resources expended</b>			
Cost of generating funds:			
Investment management costs		8,601	9,185
Charitable activities	3	104,651	130,714
Governance costs	6	2,205	2,384
<b>Total resources expended</b>			
		115,457	142,283
<b>Net outgoing resources before other recognised gains/ (losses)</b>		<b>(49,418)</b>	<b>(64,675)</b>
<b>Other recognised gains/ (losses)</b>			
Gain/(loss) on investment assets			
Realised		241,812	(46,331)
Unrealised	9	279,571	(418,232)
<b>Net movement in funds</b>			
		471,965	(529,238)
<b>Reconciliation of funds</b>			
Total funds brought forward		1,760,455	2,289,693
<b>Total funds carried forward</b>		<b>2,232,420</b>	<b>1,760,455</b>

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 19 to 26 form part of these financial statements.

## BALANCE SHEET

As at 31 March 2010

	Notes	2010 £	2009 £
<b>Investments</b>	9	<b>2,121,527</b>	1,540,186
<b>Current Assets</b>			
Bank	10	<b>127,680</b>	225,847
Debtors	11	<b>24</b>	1,737
		<b>127,704</b>	227,584
<b>Creditors: amounts falling due within one year</b>	12	<b>(16,811)</b>	(7,315)
		<b>110,893</b>	220,269
<b>Net assets</b>		<b>2,232,420</b>	1,760,455
Represented by: Unrestricted funds	13	<b>2,232,420</b>	1,760,455

Approved by the Board of Trustees on  
27th August 2010 and signed on its behalf by:

Chairman

**Robert Scott** OBE

Trustee

**Guy Watt**

The notes on pages 19 to 26 form  
part of these financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2010

### 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 (cont)

As at 31 March 2010

### 2. Investment income

	2010 £	2009 £
UK listed investments	63,462	71,290
Loan interest receivable	-	621
Interest on cash deposits	-	3,132
	<b>63,462</b>	75,043

### 3. Charitable activities

	Grant funding	Supporting costs	2010 £	2009 £
Education	300	6,449	6,749	8,957
Research	72,109	25,793	97,902	121,757
	72,409	32,242	<b>104,651</b>	130,714

#### 4. Grant funding – project grants

	2010 £	2009 £
<b>Education</b>		
RSFS Forest Trust Company	300	–
<b>Research</b>		
Scots Pine Conserving Adaptive Variation	13,605	13,800
Scots Pine Timber Quality Model	21,330	10,525
Economic Value of Tree Improvement	–	9,416
Heritability of Sitka Wood Properties	8,395	8,775
Aspen Seed Orchard	–	1,176
SFT Fellowship	3,900	5,900
Continuous Cover Forestry Glentress	9,979	9,913
Anisogramma on Birch	–	7,955
Volunteering in Woodlands	–	2,470
Sitka Spruce Rotations and Grade Recovery	–	5,000
Sitka Spruce Raw Material Segregation	6,700	6,500
Survey Bechstein's Bats	5,000	–
RSE Inquiry into Future of Upland Areas	–	2,500
Forest Industries Recruitment & Retention	–	2,000
Scotland's Finest Woods	200	–
Finding David Douglas documentary	3,000	–
	<b>72,409</b>	85,930

All of the above grants were made to institutions.

## NOTES TO THE FINANCIAL STATEMENTS (cont)

As at 31 March 2010

### 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:

Support Costs	Charitable Activity Education	Charitable Activity Research	2010 Total £	2009 Total £
Employment costs	3,782	15,128	<b>18,910</b>	20,472
Office costs	2,104	8,415	<b>10,519</b>	12,945
Trustees' expenses & meeting costs	149	597	<b>746</b>	2,616
Payroll	77	308	<b>385</b>	404
Solicitor's fee	324	1,294	<b>1,618</b>	8,301
Bank charges	13	51	<b>64</b>	46
	<b>6,449</b>	<b>25,793</b>	<b>32,242</b>	<b>44,784</b>

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.

### 6. Governance costs

	2010 £	2009 £
Audit fees	<b>2,205</b>	2,046
Production of annual report	<b>-</b>	338
	<b>2,205</b>	<b>2,384</b>



## 7. Staff costs

	2010 £	2009 £
Director's salary	17,500	18,958
Social security	1,410	1,514
	<b>18,910</b>	20,472
	<b>No.</b>	No.
The average number of employees during the year was:		
Administration	<b>1</b>	1

During the year the trustees received no remuneration, trustees reimbursed expenses totalled £nil (2009: £1,299). These expenses were incurred in respect of travel and subsistence while attending Trustees' meetings.

No employee received emoluments over £60,000.

## 8. Fixed Assets

	Office Equipment £
<b>Cost</b>	
At 1 April 2009 and 31 March 2010	1,198
<b>Depreciation</b>	
At 1 April 2009 and 31 March 2010	1,198
<b>Net Book Value</b>	
At 31 March 2010 and 31 March 2009	-

NOTES TO THE FINANCIAL STATEMENTS (cont)  
As at 31 March 2010

**9. Investments**

	2010 Total £	2009 Total £
Market value at 1 April 2009	1,540,186	1,980,661
Additions at cost	516,403	462,419
Disposals	(214,633)	(484,662)
Net unrealised gains/ (losses) on revaluation	279,571	(418,232)
<b>Market value at 31 March 2010</b>	<b>2,121,527</b>	1,540,186
<b>Historical cost at 31 March 2010</b>	<b>1,751,434</b>	1,695,869

There was no individual holding accounting for greater than 5% of the total market value of the charity's investments.

**10. Bank**

	2010 Total £	2009 Total £
Operating accounts	28,337	44,685
Capital accounts with investment manager	99,343	181,162
	<b>127,680</b>	225,847

**11. Debtors**

	2010 Total £	2009 Total £
Accrued income	1	1,716
Prepayments	23	21
	<b>24</b>	1,737

## 12. Creditors

	2010 Total £	2009 Total £
Other creditors	12,290	2,067
Accruals	4,521	5,248
	<b>16,811</b>	7,315

## 13. Movement in Funds

	Balances at 1 Apr 2009	Incoming Resources	Outgoing Resources	Investment Gain	Transfer	Balances at 31 March 2010 £
<b>Unrestricted funds</b>						
Revenue fund	–	66,039	(115,457)	–	49,418	
Capital fund	1,760,455	–	–	521,383	(49,418)	<b>2,232,420</b>
	1,760,455	66,039	(115,457)	521,383	–	<b>2,232,420</b>

During the year transfers of £49,418 were made from the capital fund to the revenue fund to cover deficits incurred on revenue unrestricted funds during the year.

## 14. Analysis of Net Assets between funds

	Capital fund	Total £
Investments	2,121,527	<b>2,121,527</b>
Current assets	127,704	<b>127,704</b>
Current liabilities	(16,811)	<b>(16,811)</b>
Total net assets	2,232,420	<b>2,232,420</b>

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## NOTES TO THE FINANCIAL STATEMENTS (cont)

As at 31 March 2010

### 15. 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 £
2010/11	54,740
2011/12	30,086
2012/13	7,500

### 16. Related party transactions

The Trust rents office accommodation and receives administrative support from the Confederation of Forest Industries (UK) Ltd (ConFor) in accordance with an agreement dated 7 October 2008. Mr Colin Mann is a member of the Board of Directors of ConFor. The Trust paid office rent of £2,856 (2009: £3,951) and administrative support costs of £3,383 (2009: £4,076).

£8,395 and £21,330 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 department of the university.

£9,979 and £3,900 were paid in grants to Forest Research for projects on *Continuous Cover Forestry Glentress* and the *SFT Fellowship*. Dr Chris Quine is Head of Station at the Northern Research Station, Forest Research.

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## 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 2010 set out on pages 17 to 26. 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 judgments 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.

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INDEPENDENT AUDITORS' REPORT (cont)  
to the Trustees of the Scottish Forestry Trust

**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 2010 and of its incoming resources and application of resources for the year then ended;
- 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; and
- the information given in the Trustees' Report is consistent with the financial statements.

**Jamie Younger** BSC CA (Senior Statutory Auditor)

For and on behalf of

**CHIENE + TAIT**

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

27th August 2010

The Trustees would like to record their grateful thanks to Tayburn, who have designed and produced this Annual Report completely free of charge.



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**The Scottish Forestry Trust**

59 George Street  
Edinburgh, EH2 2JG

[www.scottishforestrytrust.org.uk](http://www.scottishforestrytrust.org.uk)

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