



Report and Financial Statements

Year ended 31st March 2015

Charity No. SC008465

www.scottishforestrytrust.org.uk

TRUSTEES' REPORT

Reference and administrative information

Trustees

G R Watt, Chair

Prof C P Quine, Chair of the Projects and Research Committee

Prof S Woodward, Member of the Projects and Research Committee (to end December 2014)

Dr M A Pinard, Member of the Projects and Research Committee

Prof J Grace, Member of the Projects and Research Committee

Dr K Kirby, Member of the Projects and Research Committee

Prof Simon Leather, Member of the Projects and Research Committee (from 1 January 2015)

C Mann

A Black

G Callander

P Gordon-Duff

J M Gibson

Director

R Stubbs

Administrative support

E Hughson

Registered Office

59 George Street, Edinburgh, EH2 2JG

Website

www.scottishforestrytrust.org.uk

Charity Number: SC008465

Auditors

Chiene + Tait LLP, Chartered Accountants & Statutory Auditor, 61 Dublin Street, Edinburgh, EH3 6NL

Bankers

Adam & Company, 25 St Andrew Square, Edinburgh, EH2 1AF

Virgin Money, 9 Castle Street, Edinburgh, EH2 3AH

Legal Adviser

H B J Gateley, Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH

Investment Managers

Brewin Dolphin, Sixth Floor, Atria One, 144 Morrison Street, Edinburgh EH3 8EX,

Acknowledgement

The Chairman and Trustees wish to gratefully acknowledge the generosity of the following donors to the Trust's funds this year:

A Gunn

The Trust received donations of £628 during the course of the year.

Chairman's Foreword

The Trust continued to make steady progress during the year to 31 March 2015. We provided £79,259 to seventeen existing projects and committed financial support totalling £148,349 to two new General Assistance applications and one new Bursary Scheme application along with a number of existing projects. Our current project portfolio stood at eighteen projects with a total cost of £1.22 million and a Trust approval of £282,141 giving a leverage of £4.30 for every project £1 we spend.

New accounting practices require the Trust to show the total financial support the Trustees are committing to a project when a contract is initially signed, rather than when any staged payments are made. This means this year's accounts show greatly increased expenditure compared with figures in previous reports of £234,606 on charitable activities of which £119,004 has been approved, but not yet paid.

The Trust's investment portfolio made further modest progress and at 31 March 2015 was valued at £2,727,758, an increase of £160,859 for the year. We are very grateful to Brewin Dolphin for their professional management of the Trust's portfolio since June 2011 and to SFT Trustee Alan Black in particular, whose fund management expertise proved invaluable throughout the year.

These factual financial details are always of major importance, but in focusing on them, as we must, it is very easy to overlook the fact that fundamentally the Trust's work is about helping and supporting people to gain, and spread forestry related knowledge through research, education and training. Behind the technical descriptions of the projects that we have or are supporting, described in this report, are individuals. The Trustees recognise the need to support them in the advancement of their careers and in spreading tree related knowledge to more people. Having skilled and knowledgeable people will be essential to address the many unknown future challenges facing trees and the rest of the forest sector.

The quality of the projects we support continues to be important to us and this is recognised through our award schemes. This year the Scottish Woodlands Student Excellence Award was presented to Jo Clark for her thesis "Adaptation of Ash (*Fraxinus excelsior L.*).

It is gratifying to see that the first two of our Bursary scheme postgraduate students completed their studies this year and I am pleased to say, both students have found research positions within the UK. We have a further six PhD students in progress with their studies, all of whom have been supported by the Trust's Bursary scheme; a very important support vehicle for the Trust in recent years. With that in mind I must express my sincere thanks to the Forestry Commission for their ongoing financial support.

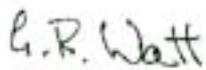
I am also delighted to report an extension to the partnership work that has been so successful in our Bursary scheme and to express my thanks to Forestry Commission Scotland for their significant financial support to help us set up a new Tree Health Scotland Bursary Award scheme. The scheme will target up to five new PhD research studies to look at tree health issues currently or likely to affect trees and woodlands in Scotland. This initiative is not only highly topical and timely, but is a further example of how the private sector and public sector can work together to tackle common objectives.

Trustees are seeking to raise the profile of the Trust, and to explain and promote the work the Trust supports, through an E-newsletter. The E-newsletter is now circulated directly to over 200 people but there were over 550 readers of our latest issue. This is encouraging and we hope numbers directly receiving the E-newsletter will continue to increase, leading to greater awareness of our work and stronger applications for our assistance.

The money for research, education and training, and the priorities and structures of government organisations and universities continue to change, as do the research needs of the sector. This is all carefully watched by the Trustees who continually seek ways to contribute and support the sector in the most effective ways possible with the resources it has available.

The Trustees are always looking for new donors as with more financial resources the Trust could increase the help and support it provides at a time when the sector faces a number of major challenges. We are particularly keen to see an increase in gift aided donations and legacies from woodland owners, and other people with an interest in trees, who benefit indirectly from the past and present work of the Trust and who wish to see these benefits increase in the future.

Finally, I would like to add my sincere thanks to my fellow Trustees for all their work and support over the year and I would like to offer specific thanks to Bob Stubbs, our Director, for all the work he has done and continues to do. The tireless commitment of all of them to the work of the Trust is essential and very much appreciated.

A handwritten signature in blue ink that reads "G.R. Watt". The signature is written in a cursive style. To the right of the signature is a vertical yellow line.

G R Watt

Report of the Trustees for the year ended 31 March 2015

The Trustees present their annual report and financial statements for The Scottish Forestry Trust for the year ended 31 March 2015. The financial statements prepared in accordance with the accounting policies set out in Note 1 to the financial statements comply with the charity's trust deed and the Charities Accounts (Scotland) Regulations 2006 (as amended), the Statement of Recommended Practice – Accounting and Reporting by Charities 2005 (SORP), and the Charities and Trustee Investment (Scotland) Act 2005. The audited financial statements are presented later in this report.

Objectives of the Trust

The primary objective of The Scottish Forestry Trust is to support forestry in the United Kingdom where forestry is defined in the widest sense to include production and use of all forest products and its contribution to landscape, recreation, wildlife, the environment and rural development.

We can support projects in all of the forestry related sciences but preference is given to proposals that address industry needs related to policy formation and execution, to broad management questions as well as to studies of an applied nature where the scientific, technical and economic information and benefits are more immediately available to the profession. Notwithstanding that, fundamental work with the potential to resolve outstanding problems, or reveal new opportunities, is also supported. Overall the Trustees take a flexible approach and are open to discuss any new research projects.

The objectives of the Trust continue to be met fully through grant aiding projects on research, education and training using the Trust's investment income. A proportion of the research activity provides education and training opportunities for post-graduate students, and this will be an increasing focus in years to come. All supported projects contribute to improved scientific and technical information and in addition help to make the general public more aware of the many benefits from forestry.

Structure, Governance and Management of the Trust

The Scottish Forestry Trust is a charitable trust (Registered Charity No SC008465) and was established in 1983 by the generous gift of share capital of the Scottish Woodland Owners Association Ltd (SWOAC). In June 1986 the Trustees of the Scottish Forestry Trust received an offer from the management of SWOAC to purchase the shareholding and in December 1986, the Trust received a cash sum of £1.52 million, which has since been invested to produce an annual income. The inclusion of the word 'Scottish' in the Trust's name reflects the source of the original funding from Scotland's Woodland Owners Association who were happy for the Trust's remit to cover the whole of the UK.

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. The Director is responsible directly to the Chairman for the day-to-day organisation and management of the Trust's business. In appointing Trustees, attention is paid to experience, gender and to maintaining a balance on the Board among landowners/forestry owner members, processor representatives, economics expertise, and professional forestry, investment and academic expertise. This balance has worked well in formulating objectives and reaching decisions appropriate to these objectives as well as providing experience and expertise necessary to the effective operation of the Trust.

At the Trustees' meetings, the Trustees agree the broad strategy and areas of activity for the Trust including consideration of recommendations for grant approvals, investment policy, risk management, marketing and promotion planning, and general performance.

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, and no Trustee remuneration was paid during the year. Details of Trustees' expenses can be found in note 8 to the financial statements.

Biographical notes on the Trustees active during the year can be found on the Trust's website at <http://www.scottishforestrytrust.org.uk/about-the-trust.asp>

Risk Management

The Trustees have a formal risk management matrix and disaster recovery plan in place, which is reviewed by Trustees at least annually. There are three main risk areas:-

Financial - The Trustees consider variability of investment returns on our portfolio as the most critical risk and in response to that, the Trust has a formal "Statement of Investment Principles" (SIP) with our Investment Managers with which we review the basis of how our investment portfolio is being managed with due consideration to the Trust's aims and objectives. The SIP is reviewed by Trustees every three years and is next due for updating in April 2017. Trustees also formally consider the annual target income level; the performance benchmarks used and the level of risk that Trustees are prepared to accept in terms of our managed investment portfolio. Trustees regularly take professional advice from their investment advisers regarding the market outlook, investment trends and yield and the prospects for future capital growth. Brewin Dolphin Ltd manages the Trust's investment portfolio.

Reputational – It is important to the Trust that high quality standards are upheld in both the applications and progress reports we receive so that our reputation as an organisation that supports authoritative research is maintained. To that end, we provide full application details and guidance notes on our website and give applicants clear guidance as to what to do following approval and particularly if there are problems with delivery of the project. As a result, the failure rate of approved projects is minimised.

Personnel – The Trust is only able to maintain the quality of its services through the tireless hard work of the Trustees and in particular, the work of the Trustees who form the Projects and Research Committee. Trustees normally serve for a period of ten years and we ensure that at no time do more than two Trustees retire in any one year so that we can maintain continuity of expertise. In addition, the Director and Chair of the Trust will not leave post at the same time so that business continuity can be maintained at all times.

Grant making criteria

The Trust invites applications from research institutes and individuals normally three times a year, depending on funding availability. Eligibility criteria for both the Trust's general funding assistance and for applications to the Bursary Award Scheme are made available through the website at <http://www.scottishforestrytrust.org.uk/applications.asp>

The Trust's Projects and Research Committee considers all eligible applications and then makes recommendations to the full Board of Trustees to approve, defer or reject the applications received. The Projects and Research Committee also monitor the progress of successful applications through regular written progress reports by the applicant. Staged payments are only released on receipt of satisfactory progress reports.

Trustees take a flexible approach to the range of projects we can assist and have published broad criteria for both project eligibility and the levels of grant that applicants might expect from the Trust should their application be successful.

Pay and Remuneration

The Trust's Director is the sole part-time employee and full disclosure of salary is given in note 8 to the financial statements. Pay levels are considered at Trustees meetings on an annual basis and decisions are made on the appropriate level of pay for the coming year. Our auditors, Chiene +Tait, handle all transactions in relation to salary payments on the Trusts behalf.

Activities and Achievements

A list of projects supported since the Trust started providing grant aid in 1986 is provided on our web site <http://www.scottishforestrytrust.org.uk>. The current portfolio of projects, as reported later, continues to be strong and varied in content. This always places considerable pressure on the Trust's resources and we are particularly grateful to the Forestry Commission, who continue to provide financial support to enable us to assist PhD and MSc students through the Bursary Award Scheme.

As reported in our 2013-2014 statement, we set out plans to undertake a targeted promotional campaign to seek additional funding from the business community and from high wealth individuals who have potential links in some way with the forest sector and trees. During the year, Trustees agreed to extend the focus of the campaign to help build awareness of our remit outside Scotland and to build partnerships with other relevant organisations and institutes.

We continued to update our website through which we disseminate project updates and summaries of recently completed projects and have now added functionality to allow for online donations to be made. Our E-newsletters are now a regular feature following each Trustees meeting and are available to those who sign up to receive it through our website. It is aimed at both promoting the work of the Trust more widely and in stimulating interest in our projects by the research community and industry and now has over 200 recipients.

Details of how to apply for grant assistance, together with the relevant application forms and guidance notes, are available on the Trust's website.

How our supported projects have performed

The outcomes of the Trust's work supporting research are the education of future researchers, the dissemination of knowledge through making research findings known and the funding of significant new avenues of research in forestry throughout the United Kingdom.

During the year, we spent £79,259 on staged payments to projects where commitments had already been made prior to the end of March 2014. We approved future commitments of £109,016 to a number of existing projects and three new projects, £1,750 of which was spent on a project that started and completed during the year.

Trustees are pleased with the progress achieved during the year as the following project updates clearly demonstrate.

Completed Projects

A Social History of Scottish Forestry in the 20th Century (University of the Highlands and Islands Centre for History) This book tells the story of the human side of forestry in Scotland, drawing heavily on the thoughts and experiences of a wide range of individuals from all levels and all sectors of the industry over the last 100 years. The book looks at the evolution of forestry policy and the changing roles of both the Forestry Commission and the private sector. The book is now available for pre order from publishers Birlinn.

Susceptibility of Scots pine and Lodgepole pine provenances to *Dothistroma septosporum* (The University of Aberdeen) – Stuart Fraser, the PhD student formerly based at Aberdeen University has now completed his research. *Dothistroma* needle blight (DNB), caused by the fungus *D. septosporum*, is the most important disease currently affecting British pine plantations. This project focused on inter- and intra-specific variation in DNB-susceptibility within pine species used in British forestry. Natural infection (NI) field experiments suggested that *Pinus sylvestris* (Scots pine) and *Pinus contorta* (lodgepole pine) had similar DNB-susceptibility, despite greater DNB impacts on *P. contorta* reported previously. In the same experiments, both *P. sylvestris* and *P. contorta* were less susceptible to DNB than *Pinus muricata*, *Pinus nigra* ssp. *laricio* (Corsican pine), *Pinus nigra* ssp. *nigra* and *Pinus ponderosa*. This pattern was not seen under controlled conditions in an artificial inoculation (AI) experiment. Further information and publications produced from this research will be available at the Trust's website.

Sitka Spruce – An environmental history – (Ruth Tittensor) – The historical background to the modern use of Sitka spruce is explored in the book, which is now available from publishers, Oxbow books. Multi-purpose forestry of today recognises that Sitka spruce is the most important tree to the timber industry and to a public which uses its many products but fails to recognise the link between growing trees and bought goods. Its cultural associations and contributions to First Nations' and European society past and present are discussed, as well as the role of Sitka spruce in native and plantation ecosystems on both sides of the Atlantic. The author demonstrates the beauty of Sitka spruce and its benefits to society and the landscape

Soil carbon, farm woodlands and the Woodland Carbon Code – (Cranfield University)

A comparison of biomass carbon and soil carbon measurements indicates that losses in soil carbon at relatively shallow depths can offset a large proportion of the carbon stored in tree biomass, but assessing changes on a site by site basis may be prohibitively expensive for schemes such as the Woodland Carbon Code. The combination of very small tree-planting-related soil organic carbon changes, with very large variation over relatively small areas, means that a large amount of expensive and labour intensive replication would be required. This PhD thesis was successfully completed by student Matthew Upson on 5 September 2014.

Biodiversity Training for Communities – (Central Scotland Forest Trust)

A programme of twenty formal training events was held throughout 2014 on a variety of topics with a total of 201 people attending. Nearly half were from established or developing community groups in the Central Scotland area whilst nearly thirty percent were members of the general public who were interested in getting involved in a group, or other type of conservation volunteering. A more formal evaluation of the project will be available and will be made available on the website.

Continuous Cover Forestry: Delivering Sustainable and Resilient Woodlands in Britain. - National Conference 2014 – (The Continuous Cover Forestry Group)

The CCFG National Conference in 2014 attracted 140 participants from across the British Isles and from North America; presenters included leading researchers, policy-makers and practitioners. The conference drew together several themes of high importance to forestry at the present time, namely ecological resilience, sustainability and the provision of ecosystem services. Threats to our forests from global climate change, and new pests and diseases, are drivers for a widespread review of current forestry practices. It is now recognised that appropriate diversification of genotypes, species and structures are critical tools for enhancing the resilience of woodlands, and so help to safeguard long-term supplies of high quality timber and of other forest ecosystem services. Further publications are available for download from the Trust's website.

Ongoing Projects

Can ecological restoration help to build sustainable communities? – (Cardiff University)

– This Bursary Award scheme funded PhD will study the implementation of integrated socio-ecological restoration initiatives at community level to deepen understanding of how ecosystem-human relations can contribute to community engagement processes and the building of sustainable communities. It will focus on a particular type of ecological initiative - ecological restoration (ER) - to study the ways in which ER projects have been implemented at community level in Britain. Although playing an increasingly important role in public policy responses to environmental change (including maintenance of ecosystem services and promotion of ecological resilience), ER has not been subject to in-depth social science analysis. The project is due to be completed in 2016/17.

An advanced assessment of minor GB conifer species – (Edinburgh, Napier University) -

The aim of this Bursary Award Scheme funded project is twofold. Firstly to provide a review of how noble fir (*Abies procera*), western hemlock (*Tsuga heterophylla*), Norway spruce (*Picea abies*) and western red cedar (*Thuja plicata*) perform in Great Britain in terms of harvested crop quality for solid wood applications. Little is known of the timber properties of these domestically grown species, but the probable increase in planting, due to concerns over pathogenic risks to our main timber commercial species warrants this investigation. Secondly, the aim is to develop methods of measuring tree architecture using state of the art terrestrial laser scanning technology and to develop improved acoustic assessment for determining wood stiffness in standing trees; methods that would be of benefit to the forest sector. The project is due to be completed in 2016/17.

How environment and gene flow shape adaptation in Scots pine – (Stirling University, University of Edinburgh, Centre for Ecology and Hydrology (CEH) Edinburgh, Forest Research) - Recent trials at CEH show local adaptation in bud burst and cold tolerance in native Scots pine populations along an environmental gradient from East to West Scotland. However the vast majority of observed variation lies within populations. This Bursary Award Scheme funded PhD project aims to determine how large and fine-scale forces interact to maintain high-within population diversity and what the implications of geneflow from plantations are for native pinewoods. The project will use existing data and simulations to assess historical migration scenarios and the development of patterns of neutral and adaptive genetic structure. These data will be complemented by fine-scale analysis of genetic structure in selected native pinewoods. The project is due to be completed in 2016/17.

Improving the production of local origin Aspen in Scotland – (Coille Alba) - Most nursery production of Scottish Aspen relies on vegetative propagation using roots collected in the wild. However, this method is very labour-intensive, and productivity varies greatly between clones. This is generally thought to be determined genetically, but there is evidence that environmental factors may also have a role to play. In particular, it has been noted that root suckers may be much more prolific where the ground has been disturbed, such as in areas trampled by cattle. This effect may be caused by exposure of roots to higher light levels, to higher temperatures or to physical trauma, or a combination of these. It is proposed to experimentally manipulate the roots in an “in situ” environment, and to assess the impact of this ‘conditioning’ on subsequent sucker production in the nursery. The project is due to be completed in 2015/16.

Building capacity to restore Scotland’s natural heritage – (Woodland Trust)

Delivered within two priority regions in Scotland, Building capacity to restore Scotland’s natural heritage aims to deliver a unique programme of training and development for volunteers in ancient woodland restoration assessment. Currently, there is virtually no ancient woodland restoration learning and training provision for non-specialist audiences available in the UK. Through the project, volunteers will gain experience as part of a leading restoration project; engage over 1,400 people in ancient woodland restoration; and support the restoration of at least 3,200 hectares of priority Planted Ancient Woodland Sites (PAWS) in Scotland. The project is due to be completed in 2015/16.

The Sylva Project – (Royal Botanic Gardens, Edinburgh and the Sylva Foundation Trust)

The aim of the Sylva Project is to increase understanding and awareness of forest utilisation among public audiences at seven botanic gardens and arboreta across the UK and Ireland. The Project takes its inspiration from two pivotal publications: John Evelyn’s 1664 Sylva and The New Sylva, published in April 2014. It will focus on how forestry in Britain has changed over the 350 years between these books and consider what prospects hold for the future. The project will be completed in 2015/16.

The impact of commercial woodland management on temperate insectivorous bats – (University of Bristol and University of Cumbria)

Bats account for a third of UK mammal species. All species have seen a marked decline over the last century and are afforded full protection under European and domestic legislation. A change in woodland management has been shown to impact on woodland foraging bat species and their prey. This PhD project will investigate bat and prey communities in broadleaved woodlands. The project is due to be completed in 2016/17.

Mapping and Repositioning Forestry Skills for the 21st Century – (University of the Highlands and Islands and The University of Aberdeen)

This project aims to address key issues related to educating and training future generations of forest professionals to address 21st Century needs in the UK, drawing on interdisciplinary (Sociology/ Social Sciences and Education) perspectives and methodological approaches. Based on a phased approach involving two PhD students, the first PhD will seek to explore the ways in which conceptual and theoretical frameworks such as multi-functionality and / or ecosystem services might be combined with a ‘Systems’ approach to enhance understanding of the educational and skills requirements of forestry in the 21st Century. Drawing on the findings of the first phase, the second PhD will seek to develop an understanding of the future aspirations and the key factors influencing career choices among young people in relation to forestry. The first phase PhD completes in 2016/17.

Regeneration & growth models for MOSES-GB – (Forest Research Agency and Bangor University)

MOSES-GB is a distance-independent individual tree growth model based on the MOSES (MOdelling Stand rESponses) concept that was originally developed in the University of Natural Resources and Life Sciences (BOKU), Vienna, Austria. This 3-year PhD project augments the development of MOSES-GB continuing within the Forestry Commission's Forest Research Agency. The models produced during this PhD project will simulate the patterns of regeneration and early growth of tree species likely to be managed under low impact silvicultural systems (LISS) in Britain. The project is due to be completed in 2017/18.

New Projects

Re-evaluating rotational upland Sitka spruce mixtures – (Dr Scott McG Wilson)

This project was approved at the start of the financial year in question and was completed later in 2014. The final report makes recommendations both for cautious operational deployment of mixtures based on current knowledge and for future research work - both of a short term tactical nature and long-term, involving the establishment of new experiments. There is a considerable need for further research in this area, particularly in terms of the optimum silviculture of mixtures (spatial arrangement, thinning, rotation length) and implications for wood properties of both Sitka spruce and the companion species, whose timber currently tends to be less valuable. The full report is available on the Trust's website.

Emergent forest dynamics and natural flood management – (British Geological Survey)

The main aim of the project is to improve the understanding of forests being planted/or conserved in view of mitigating floods, by understanding the development of optimum characteristics of water flow and storage under three sites: heathland/pastureland, mature Scots pine plantation and ancient Caledonian forest. The project will compare the flood mitigation potential of forest plantation, ancient forest and heathland by measuring in-situ permeability measurements at different soil depths and investigate the presence of springs within the three sites. The project is expected to complete in 2016/17.

Further information on all approved projects can be found at <http://www.scottishforestrytrust.org.uk/projects-in-progress.asp>

Awards

In 2011 we introduced two new awards. The Scottish Woodlands Student Excellence Award, which is given in recognition of, a high quality, relevant piece of work produced by a Trust supported student. The award is a cash sum of £250. Secondly, the Dr Cyril Hart Memorial Award is awarded to recognise the most relevant, informative and well written paper, book or work, which has significant impact on silvicultural practice. Both awards are available annually on the recommendation of the projects and research committee

The winner of the Scottish Woodlands Student Excellence Award for 2013 was agreed in April 2014 and was presented to Jo Clark, a former external PhD at Bangor University and Forestry Research Manager at the Earth Trust. Her thesis "Adaptation of ash (*Fraxinus excelsior L.*) to climate change" was successfully completed during 2013.

Financial review

Financial information

During the year the Trust's income amounted to £215,963 (2013/14: £108,272). After deduction of expenses, and before realised and unrealised gains on investments, the net outgoing resources amounted to £18,643 (2013/14 incoming resources: £15,895). The market value of investments has increased over the year from £2,566,899 to £2,727,758.

Investment policy

The investments held by the Trust are invested to allow for adequate levels of income and capital growth.

Investments have increased in value largely as a result the performance of the stock market during the year.

Reserves policy

Grants are paid out of investment and other income after deduction of administrative expenses. Revenue surpluses brought forward from previous years are available if there is a shortfall.

Trustees have reviewed the need for a formal reserve and have concluded that it would be prudent to hold a cash reserve of £30,000, being the sum required to maintain the functioning of the Trust for a period of one year. Any outstanding payments to approved projects would be paid from unrestricted capital funds should there be a significant shortfall.

Plans for the Future

Trustees are committed to secure the long-term future for the Trust in order that it can continue into the future supporting research, education and training in UK forestry in accordance with its objectives. During the year, financial commitments have been made to new and existing projects totalling £119,004 and this sum will progressively be disbursed over the next five financial years. Careful management of the Trust's portfolio supplemented by additional fund raising activity will ensure that we are able to meet these commitments.

Recognising that pressures on research budgets are intense whilst the demand for research and education in forestry increases, Trustees are conscious that demand for funds from the Trust is likely to increase in the coming years. With that in mind, we will continue to strive to generate additional income from other private sources over the coming years. We will also continue to seek strategic alliances with other organisations, in much the same way as we have with the Forestry Commission and our Bursary Award scheme.

Statement of Trustees' Responsibilities:

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

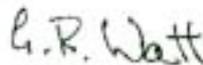
The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and
- 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 that 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 (as amended), the Charities Accounts (Scotland) Regulations 2006 and the requirements of the charity's trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity 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



Date: 8th September 2015

G R Watt

THE SCOTTISH FORESTRY TRUST

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

For the year ended 31 March 2015

	Notes	Restricted Funds £	Unrestricted Funds £	2015 Total £	2014 Total £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income		-	628	628	881
Investment income	2	-	105,335	105,335	97,380
Incoming resources from charitable activities		110,000	-	110,000	10,011
Total incoming resources		<u>110,000</u>	<u>105,963</u>	<u>215,963</u>	<u>108,272</u>
Resources expended					
Cost of generating funds:					
Investment management costs		-	15,901	15,901	15,228
Promotion costs	6	-	2,793	2,793	2,875
Charitable activities	4	68,579	144,833	213,412	71,794
Governance costs	7	-	2,500	2,500	2,480
Total resources expended		<u>68,579</u>	<u>166,027</u>	<u>234,606</u>	<u>92,377</u>
Net incoming / (outgoing) resources before other recognised gains / (losses)		41,421	(60,064)	(18,643)	15,895
Other recognised gains / (losses)					
Gain / (loss) on investment assets					
Realised		-	(8,550)	(8,550)	34,819
Unrealised	10	-	164,046	164,046	19,620
Net movement in funds		<u>41,421</u>	<u>95,432</u>	<u>136,853</u>	<u>70,334</u>
Reconciliation of funds					
Total funds brought forward		68,435	2,674,823	2,743,258	2,672,924
Total funds carried forward		<u>109,856</u>	<u>2,770,255</u>	<u>2,880,111</u>	<u>2,743,258</u>

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 15 to 21 form part of these financial statements.

THE SCOTTISH FORESTRY TRUST

BALANCE SHEET

As at 31 March 2015

	Notes	2015 £	2014 £
Investments	10	2,727,758	2,566,899
Current Assets			
Bank	11	272,079	189,618
Debtors	12	7,018	6,559
		<u>279,097</u>	<u>196,177</u>
Creditors: amounts falling due within one year	13	(73,799)	(19,818)
Net current assets		<u>205,298</u>	<u>176,359</u>
Total assets less current liabilities		2,933,056	2,743,258
Creditors: amounts falling due after more than one year	14	(52,945)	-
Net assets		<u><u>2,880,111</u></u>	<u><u>2,743,258</u></u>
Represented by:			
Restricted funds	15	109,856	68,435
Unrestricted funds	15	2,770,255	2,674,823
		<u>2,880,111</u>	<u>2,743,258</u>

Approved by the Board of Trustees on 8th September 2015 and signed on its behalf by:

G.R. Watt

Chairman

G R Watt

Christopher P. Quine

Trustee

Prof C P Quine

The notes on pages 15 to 21 form part of these financial statements

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 (as amended), and the Charities and Trustee Investment (Scotland) Act 2005.

Going concern

The financial statements have been prepared on a going concern basis. The trustees have assessed the Trust's ability to continue as a going concern and have reasonable expectation that the Trust has adequate financial resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

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.

Grants

Grants payable are charged in the year in which they are approved by the Trustees except in those cases where the offer is conditional and meets the necessary conditions for recognition in a later accounting period.

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.

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

1. Accounting Policies (continued)

Value Added Tax

The Trust 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. In addition the Trust has a restricted fund, which includes grants received from the Forestry Commission to be used to assist with funding a bursary award scheme. The fund can be used for no other purpose.

2. Investment income

	2015	2014
	£	£
UK listed investments	105,200	96,635
Interest on cash deposits	135	745
	<u>105,335</u>	<u>97,380</u>

3. Cost of generating funds

	Grant funding	Support costs	2015	2014
	£	£	£	£
Promotion	-	2,793	2,793	2,875
	<u>-</u>	<u>2,793</u>	<u>2,793</u>	<u>2,875</u>

4. Charitable activities

	Grant funding	Support costs	2015	2014
	£	£	£	£
Education	21,350	4,469	25,819	12,898
Research	166,925	20,668	187,593	58,896
	<u>188,275</u>	<u>25,137</u>	<u>213,412</u>	<u>71,794</u>

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

5. Grant funding - project grants	Restricted Funds	Unrestricted Funds	2015 Total	2014 Total
	£	£	£	£
Education				
Sylva Foundation	-	-	-	5,000
Central Scotland biodiversity training programme	-	1,500	1,500	1,500
RSFS Annual Lecture	-	900	900	450
Woodland Trust	-	9,200	9,200	800
Continuous Cover Forestry Glentress	-	2,000	2,000	-
The Sylva Project - RBGE	-	7,500	7,500	-
Scottish Woodlands – Excellence Award	-	250	250	-
Research				
Environment and geneflow adaptation in Scots pine	6,239	13,209	19,448	5,961
Alternative Silvicultural Systems	-	-	-	900
Soil Carbon and the Woodland Carbon Code	-	700	700	15,600
Can ecological restoration build sustainable communities	9,235	9,235	18,470	2,630
Susceptibility of Scots and Lodgepole pine provenances to Red Band Needle Blight caused by Dothistroma Septosporum	8,888	8,888	17,776	11,787
Improving production of local-origin Aspen in Scotland	-	2,514	2,514	-
Sitka Spruce – An Environmental History	-	1,400	1,400	1,290
The Impact of Commercial Woodland Management on Temperate Insectivorous Bats	11,499	11,499	22,998	-
Re-evaluation of rotational upland Sitka Spruce	-	1,750	1,750	-
Mapping and Repositioning Forestry Skills	11,773	13,898	25,671	-
Regeneration and Early Growth for MOSES –GB	9,937	11,062	20,999	-
Social History of Forestry	-	7,500	7,500	-
Assessment of Minor GB Conifer Species	11,008	11,006	22,014	-
Emergent forest dynamics and natural flood Management	-	5,685	5,685	-
	<u>68,579</u>	<u>119,696</u>	<u>188,275</u>	<u>45,918</u>

All of the above research and education grants were made to institutions.

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

6. 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	Cost of generating funds £	Charitable activity - Education £	Charitable activity - Research £	2015 Total £	2014 Total £
Employment costs	1,976	3,162	14,622	19,760	20,560
Office costs	499	799	3,694	4,992	5,972
Trustees' expenses & meeting costs	165	264	1,223	1,652	1,703
Payroll	59	94	436	589	589
Miscellaneous	34	54	250	338	(268)
Bank charges	9	15	69	93	195
Travel	51	81	374	506	-
	<u>2,793</u>	<u>4,469</u>	<u>20,668</u>	<u>27,930</u>	<u>28,751</u>

The employment costs of the Director have been allocated in accordance with time spent on each activity.

7. Governance costs

	2015 £	2014 £
Audit fees	<u>2,500</u>	<u>2,480</u>

8. Staff costs

	2015 £	2014 £
Director's salary	19,760	19,000
Social security	-	1,560
	<u>19,760</u>	<u>20,560</u>

	No.	No.
The average number of employees during the year was:		
Administration	<u>1</u>	<u>1</u>

During the year the trustees received no remuneration, trustees received reimbursed expenses totalled £1,652 (2014: £1,703). These expenses were incurred in respect of travel and subsistence while attending Trustees' meetings.

No employee received emoluments over £60,000.

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2015

9. Fixed Assets

	Office Equipment £
Cost	
At 1 April 2014 and 31 March 2015	1,198
	<hr/>
Depreciation	
At 1 April 2014 and 31 March 2015	1,198
	<hr/>
Net Book Value	
At 31 March 2015 and 31 March 2014	-
	<hr/> <hr/>

10. Investments

	2015 £	2014 £
Market value at 1 April 2014	2,566,899	2,531,214
Additions at cost	172,695	200,696
Disposals	(175,882)	(184,631)
Net unrealised gains on revaluation	164,046	19,620
	<hr/>	<hr/>
Market value at 31 March 2015	2,727,758	2,566,899
	<hr/> <hr/>	<hr/> <hr/>
Historical cost at 31 March 2015	2,079,359	2,085,332
	<hr/> <hr/>	<hr/> <hr/>

No Investments at 31 March 2015 represented over 5% of portfolio value.

11. Bank

	2015 £	2014 £
Operating accounts	260,787	173,243
Capital accounts with investment manager	11,292	16,375
	<hr/>	<hr/>
	272,079	189,618
	<hr/> <hr/>	<hr/> <hr/>

12. Debtors

	2015 £	2014 £
Accrued income	7,018	6,559
	<hr/>	<hr/>
	7,018	6,559
	<hr/> <hr/>	<hr/> <hr/>

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2015

13. Creditors due within one year	2015	2014
	£	£
Other creditors	66,706	12,996
Accruals	7,093	6,822
	<u>73,799</u>	<u>19,818</u>

14. Creditors due after more than one year	2015	2014
	£	£
Other creditors	52,945	-
	<u>52,945</u>	<u>-</u>

Included within other creditors in notes 13 and 14 are grants which have been approved but not paid at the year end. Committed grants fall due to be paid as follows:

Due within one year	66,059	-
Due between one and two years	36,819	-
Due between two and five years	16,126	-
	<u>119,004</u>	<u>-</u>

15. Movement in Funds

	Balances at 1 Apr 2014	Incoming Resources	Outgoing Resources	Investment gain	Balances at 31 Mar 2015
	£	£	£	£	£
Restricted funds					
Bursary Award Scheme	68,435	110,000	(68,579)	-	109,856
Unrestricted funds					
Revenue fund	44,282	105,963	(166,027)	-	(15,782)
Capital fund	2,630,541	-	-	155,496	2,786,037
	<u>2,743,258</u>	<u>215,963</u>	<u>(234,606)</u>	<u>155,496</u>	<u>2,880,111</u>

Restricted funds include a grant received from the Forestry Commission to be used to assist with funding The Bursary Award Scheme.

The deficit on the Revenue Fund will be met out of unrestricted incoming resources receivable in the year to 31 March 2016.

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2015

16. Analysis of Net Assets between funds

	Restricted Funds £	Revenue Fund £	Capital Fund £	Total £
Investments	-	-	2,727,758	2,727,758
Current assets	161,660	59,158	58,279	279,097
Current liabilities	(25,731)	(48,068)	-	(73,799)
Liabilities due after more than one year	(26,073)	(26,872)	-	(52,945)
Total net assets	<u>109,856</u>	<u>(15,782)</u>	<u>2,786,037</u>	<u>2,880,111</u>

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 and 1 July 2010. Mr Colin Mann is a member of the Board of Directors of ConFor. The Trust paid office rent of £2,964 (2014: £2,964) and administrative support costs of £1,212 (2014: £1,496).

£11,976 (2014: £11,787) was payable in grants to Susceptibility of Scots and Lodgepole pine Provenances to Red Band Needle Blight caused by *Dothistroma Septosporum*. Prof S Woodward, Personal Chair in Forestry at the University of Aberdeen, and Dr M A Pinard, a Senior Lecturer and Director of Teaching in the School of Biological Sciences at the University of Aberdeen, are both Trustees.

£Nil (2014: £1,500) was paid in grants to Biodiversity Training for Communities. GR Watt was a Trustee of The Scottish Forestry Trust and Vice Chair of the Central Scotland Forest Trust.

**INDEPENDENT AUDITOR'S 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 2015, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 (as amended). 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 Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees are responsible for the preparation of financial statements, which give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2015 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF
THE SCOTTISH FORESTRY TRUST (continued)**

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Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Chiene + Tait LLP

**CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL**

17 SEPTEMBER 2015

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006