



Report and Financial Statements

Year ended 31st March 2016

Charity No. SC008465

www.scottishforestrytrust.org.uk

The Scottish Forestry Trust

TRUSTEES' REPORT

Reference and administrative information

Trustees

Dr R McIntosh, Chair (from 1 January 2016)

G R Watt, Chair (to 31 December 2015)

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

Prof 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

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 Kitchin

The Trust received donations of £1,320 during the course of the year.

The Scottish Forestry Trust

Chairman's Foreword

The Trust continued to make steady progress during the year to 31 March 2016. We provided £68,045 to eleven existing projects and to some new projects approved during the year. Financial support totalling £169,103 was awarded to seven new General Assistance applications and four new Bursary Scheme applications, including our first Tree Health Scotland Bursary Award. Our current project portfolio stood at twenty one projects with a total cost of £1.49 million and a Trust approval of £381,449, giving a leverage of £3.90 for every project £1 we spend.

The Trust's investment portfolio made a modest loss during the year due to continued turbulence in the markets and at 31 March 2016 was valued at £2,547,771, a decrease of £179,987 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. Whilst the capital value for the year declined somewhat in the face of turbulent markets, I am pleased that we have managed to maintain our income target for the year despite these challenges.

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 supported 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 - enable the forestry sector to meet current and future challenges.

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 Stuart Fraser for his thesis "Inter and intra specific variation in susceptibility to Dothistroma needle blight within pine species used in British forestry".

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 that both students have found research positions within the UK. We have a further six PhD students - who are being supported by the Trust's Bursary scheme. This is a recent and very important support vehicle for the Trust - and I must express my sincere thanks to the Forestry Commission for their ongoing financial support for this scheme.

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.

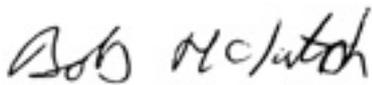
The money available for research, education and training, and the priorities and structures of government organisations and universities continue to change, as do the research needs of the sector. This is all carefully watched by the Trustees who continually seek ways to contribute and support the sector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

The Scottish Forestry Trust

Chairman's Foreword (continued)

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 thank Guy Watt, the outgoing Chair, for his significant contribution to the development of the Trust and add my sincere thanks to my fellow Trustees for all their work and support over the year. I would also 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.



Dr R McIntosh

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2016

The Trustees present their annual report and financial statements for The Scottish Forestry Trust for the year ended 31 March 2016. The financial statements prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014 and the charity's trust deed. 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.

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.

The Scottish Forestry Trust

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 and Forestry Commission Scotland, who have provided financial support to enable us to assist PhD and MSc students through our Bursary Award Schemes.

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 250 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 £53,047 on staged payments to projects where commitments had already been made prior to the end of March 2015. We approved future commitments of £167,953 to ten new projects, £14,998 of which was paid during the year. We also paid out £1,150 in awards and travel grants and there was £12,190 of previous commitments which were cancelled during the year.

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

Completed Projects

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.

A volunteer hub was launched in February 2015 using SharePoint. The aim of the hub was to enable volunteers to easily share information, photos and speak to each other more regularly. A new social platform called Ambix went live to Project Officers and volunteers in December 2015. This facility will allow team interaction for each project area, with pin boards and event information, as well as opportunities to ask for help.

The Scottish Forestry Trust

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 major achievements of the ten-month Project were:

- The promotion of a positive and accessible message concerning forestry and the essential relationship between trees, people and the environment, among a large and diverse audience, exceeding 100,000 people, across the country;
- Meaningful engagement with tens of thousands of people through a variety of media including touring exhibitions, film, book displays, outdoor tree trails, public events, educational activities and social media;
- The animation of nationally important living tree collections, demonstrating the context, both historical and contemporary, and value of those species that constitutes the majority of our planted woodland and forestry estate.

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.

The Scottish Forestry Trust

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.

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 with the second phase PhD completing in 2019/20.

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.

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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>

New Projects

Royal Scottish Forestry Society Annual Lecture and Journal Digitisation Project.

The Trust provided funding to help the Royal Scottish Forestry Society to support the costs of their Annual Lecture up to the 2017 event. In addition, we provided support to enable the final digitisation of the journal “Scottish Forestry” from 2005-2015.

Fraxi Queen of the Forest – Asylon Theatre Group

This new theatre production is inspired by Ash die-back and mythology of ash trees and is aimed at young audiences principally primary school age.

The story is about change. Change that is the only constant in life. The audience discover the cycles of nature through the story of Fraxi the ash tree and the people connected to her over several generations of one family. Through the story they learn that nothing ever really dies in nature and that everything is always changing. It is a touching story of love, friendship, and resilience.

The project’s aim is to inspire children to care for and learn more about trees as well as raise awareness about importance of protection of local habitats as a way for sustainability of our natural environments.

Support from the Trust is targeted at post production workshops and accesibility costs. At present, the production is expected to tour primary schools in Edinburgh, Fife, Aberdeenshire, East Renfrewshire and the Outer Hebrides.

Woodland Planting and Natural Flood Management – Heriot Watt University

Woodland expansion is a key objective of the Scottish Government, strategic to mitigating climate change, stimulating economic development and supporting sustainable flood management. This case study based project therefore aims to quantify the contribution of large-scale (up to 50% catchment area) woodland planting for Natural Flood Management (NFM) purpose. Field monitoring of runoff and sediment delivery will be analysed for different cultivation areas (ploughing, excavator mounding, hand mounding, rotary mounding, screefing). Complementary data will also determine the effectiveness of good practice controls (e.g. restricting furrow length/depth; vegetation filter strips; silt traps). Numerical hydraulic models will then appraise how planting techniques and controls, including future scenarios for woodland maturation, alters flood risk. Outcomes intend to influence the planned Forestry Commission’s ‘Practice Guide’ and SEPA’s ‘NFM Handbook’ on managing forestry for flood risk benefit. Collaboration includes Heriot-Watt University, Tillhill Forestry, Forest Research, Clackmannanshire Council, JBA Consulting and SEPA. The project is due to be completed in 2019.

The Scottish Forestry Trust

Silvicultural Diversity and birds in Scots pine forests – British Trust for Ornithology (BTO)

The trust supported a collaborative study by the BTO, with Forest Research and Forestry Commission Scotland; to discover the effects for bird populations of changes in forest management, from clear-fell rotation to more naturalistic continuous cover forestry. Most of Britain's forest cover is plantations and their management significantly influences populations of woodland birds at national level. Selected sites will be monitored using timed point counts in stands of different structure representing different management systems. Generalised linear mixed models will be used to analyse data and identify the nature of associations of bird species presence and abundance with forest structure. Field methods will be compatible with a previous clear-fell Sitka spruce study to permit joint analyses. The study will produce guidance on relative gains and losses associated with different systems, to inform Scottish and UK forestry practice, increase biodiversity benefits and possibly lead to a European study to maximise biodiversity within commercially managed forests. The project will be completed during 2016.

Who will pay for Urban Forest Climate Regulation Services? – Southampton University/Forest Research

This PhD research project is a collaborative undertaking between the University of Southampton and Forest Research to analyse the extent to which Payments for Ecosystem Services (PES) schemes can promote investment in urban woodlands as a means of minimizing the impacts of climate change in built-up areas. The studentship is due to be completed in 2018.

Ownership effects on benefits from woodland expansion – Forest Research/University of Edinburgh

The Millennium Ecosystem Assessment provided evidence that over 60% of ecosystem services (ES) are currently being degraded/used unsustainably (MEA, 2005), and biodiversity loss continues, with over 18% of species and 33% of habitats thought to have been lost in Scotland.

These challenges present an opportunity to evaluate the impact of previous woodland expansion on ES, by assessing how ES vary in different contexts and what trade-offs exist between woodland and other land uses. The recent growth and improvement in methods to quantify ES (ES indicators) means that there is an excellent opportunity to make use of new tools for ES evaluation that have not been used before. The studentship is due to be completed in 2019.

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 2015 was presented to Stuart Fraser for his thesis "Inter and intra specific variation in susceptibility to Dothistroma needle blight within pine species used in British forestry".

The Scottish Forestry Trust

Financial review

Financial information

During the year the Trust's income amounted to £152,033 (2014/15: £215,963). After deduction of expenses, and before realised and unrealised gains on investments, the net outgoing resources amounted to £50,218 (2014/15 outgoing resources: £18,643). The market value of investments has decreased over the year from £2,727,758 to £2,547,771.

Investment policy

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

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

Risk Management

The Trustees have a formal risk management matrix and disaster recovery plan in place, which is reviewed by Trustees at least annually. During the year, Trustees reviewed our risk classification with our investment managers in order to ensure that our portfolio continues to be managed appropriately.

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.

The Scottish Forestry Trust

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 projects totalling £167,953 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 in order to deliver our Bursary Award schemes.

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.

The Scottish Forestry Trust

Structure, Governance and Management of the Trust (continued)

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>

Key management personnel remuneration

The trustees consider the Board of Trustees and the Trust's Director as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis.

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 behalf of the Trust.

The Scottish Forestry Trust

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: 11th August 2016



Dr R McIntosh
Chair of Trustees

The Scottish Forestry Trust

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

For the year ended 31 March 2016

	Notes	Restricted Funds £	Unrestricted Funds £	2016 Total £	2015 Total £
Income and endowments					
Donations and legacies:					
Donations		-	1,370	1,370	628
Investment income	2	-	110,663	110,663	105,335
Incoming resources from charitable activities		40,000	-	40,000	110,000
Total income		<u>40,000</u>	<u>112,033</u>	<u>152,033</u>	<u>215,963</u>
Expenditure					
Cost of raising funds:					
Investment management costs		-	15,288	15,288	15,901
Promotion costs	6	-	2,744	2,744	2,793
Expenditure on charitable activities:					
Research	4	68,019	101,827	169,846	189,443
Education		-	14,373	14,373	26,469
Total expenditure		<u>68,019</u>	<u>134,232</u>	<u>202,251</u>	<u>234,606</u>
Net expenditure before (losses)/gains on investments		(28,019)	(22,199)	(50,218)	(18,643)
Net (losses)/gains on investment assets	9	-	(172,938)	(172,938)	155,496
Net movement in funds		<u>(28,019)</u>	<u>(195,137)</u>	<u>(223,156)</u>	<u>136,853</u>
Reconciliation of funds					
Total funds brought forward		109,856	2,770,255	2,880,111	2,743,258
Total funds carried forward		<u>81,837</u>	<u>2,575,118</u>	<u>2,656,955</u>	<u>2,880,111</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 16 to 23 form part of these financial statements.

The Scottish Forestry Trust

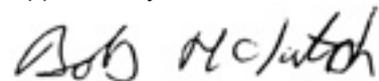
BALANCE SHEET

As at 31 March 2016

	Notes	2016 £	2015 £
Fixed Assets			
Tangible assets	8	-	-
Investments	9	2,547,771	2,727,758
		<u>2,547,771</u>	<u>2,727,758</u>
Current Assets			
Bank	10	312,268	272,079
Debtors	11	11,227	7,018
		<u>323,495</u>	<u>279,097</u>
Creditors: amounts falling due within one year	12	(107,259)	(73,799)
Net current assets		<u>216,236</u>	<u>205,298</u>
Total assets less current liabilities		2,764,007	2,933,056
Creditors: amounts falling due after more than one year	13	(107,052)	(52,945)
Net assets		<u><u>2,656,955</u></u>	<u><u>2,880,111</u></u>
Represented by:			
Restricted funds	14	81,837	109,856
Unrestricted funds	14	2,575,118	2,770,255
		<u><u>2,656,955</u></u>	<u><u>2,880,111</u></u>

These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Approved by the Board of Trustees on 11th August 2016 and signed on its behalf by:



Dr R McIntosh

Chairman



Prof C P Quine

Trustee

The notes on pages 16 to 23 form part of these financial statements

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014, the Financial Reporting Standard for Smaller Entities (FRSSE), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The financial statements have been prepared under the historical cost convention modified to include the revaluation of investments at market value.

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 initially recognised at their transaction value and subsequently measured at their market value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

Income recognition

All income is recognised once the charity has entitlement to the income, there is sufficient certainty or receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Investment income

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included upon notification of the interest paid or payable by the bank.

Donations

Donations, are recognised when they have been communication has been received of both the amount and settlement date.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

1. Accounting Policies (continued)

Grant income

Grant income receivable is recognised when communication of the grant has been received confirming both the amount and settlement date. In the event that a grant is subject to conditions that require a level of performance before the Trust is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Trust and it is probable that those conditions will be fulfilled in the reporting period.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Trust to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measure reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the Statement of Financial Activities.

Grants

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled conditions attaching to that grant are outside of the control of the Trust.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

Expenditure Allocation

Where possible, expenditure has been charged direct to charitable expenditure, cost of raising 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 raising funds comprise investment management fees and promotion costs.
- 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 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.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

2. Investment income			2016	2015
			£	£
UK listed investments			110,369	105,200
Interest on cash deposits			294	135
			<u>110,663</u>	<u>105,335</u>
3. Cost of raising funds	Grant funding	Support costs	2016	2015
	£	£	£	£
Promotion	-	2,744	2,744	2,793
	<u>-</u>	<u>2,744</u>	<u>2,744</u>	<u>2,793</u>
4. Charitable activities	Grant funding	Support costs	2016	2015
	£	£	£	£
Education	9,604	4,768	14,372	26,469
Research	147,307	22,539	169,846	189,443
	<u>156,911</u>	<u>27,307</u>	<u>184,218</u>	<u>215,912</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

5. Grant funding - project grants	Restricted Funds £	Unrestricted Funds £	2016 Total £	2015 Total £
Education				
Aslyon Theatre Group – Fraxi Queen of the Forest	-	4,950	4,950	-
Confor event – Forest Research discussion	-	2,380	2,380	-
RSFS Society Journal Digitisation	-	1,125	1,125	-
Central Scotland biodiversity training programme	-	-	-	1,500
RSFS Annual Lecture	-	-	-	900
Woodland Trust	-	-	-	9,200
Continuous Cover Forestry Glentress	-	-	-	2,000
The Sylva Project - RBGE	-	-	-	7,500
Scottish Woodlands – Excellence Award	-	250	250	250
Research				
Multi-taxa functional diversity in UK plantation forests	21,269	21,266	42,535	-
Ownership effects on benefits from woodland expansion	12,450	12,447	24,897	-
Who will pay for urban forest climate regulation services?	5,994	5,992	11,986	-
Silvicultural diversity and birds in Scots pine forests	-	3,830	3,830	-
Woodland planting and natural flood management	-	15,250	15,250	-
Epidemiology of Phytophthora ramorum on Larix spp and host responses to infection	34,200	25,800	60,000	-
Environment and geneflow adaptation in Scots pine	-	-	-	19,448
Soil Carbon and the Woodland Carbon Code	-	-	-	700
Can ecological restoration build sustainable communities	-	-	-	18,470
Susceptibility of Scots and Lodgepole pine provenances to Red Band Needle Blight caused by Dothistroma Septosporum	-	-	-	17,776
Improving production of local-origin Aspen in Scotland	-	-	-	2,514
Sitka Spruce – An Environmental History	-	-	-	1,400
The Impact of Commercial Woodland Management on Temperate Insectivorous Bats	-	-	-	22,998
Re-evaluation of rotational upland Sitka Spruce	-	-	-	1,750
Mapping and Repositioning Forestry Skills	-	-	-	25,671
Regeneration and Early Growth for MOSES –GB	-	-	-	20,999
Social History of Forestry	-	1,000	1,000	7,500
Assessment of Minor GB Conifer Species	-	-	-	22,014
Emergent forest dynamics and natural flood management	-	-	-	5,685
Less: adjustment for prior year grants accrued for but no longer to be paid	(5,894)	(6,296)	(12,190)	-
Travel grants				
Various travel grants	-	900	900	-
	<u>68,019</u>	<u>88,894</u>	<u>156,913</u>	<u>188,275</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 2016

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 and governance costs	Cost of raising funds £	Charitable activity - Education £	Charitable activity - Research £	2016 Total £	2015 Total £
Employment costs	1,976	2,964	14,820	19,760	19,760
Office costs	493	738	3,692	4,923	4,992
Trustees' expenses & meeting costs	197	296	1,480	1,973	1,652
Payroll	64	96	480	640	589
Miscellaneous	-	-	-	-	338
Bank charges	10	17	83	110	93
Travel	4	7	36	47	506
Governance costs					
Audit fee	-	650	1,948	2,598	2,500
	<u>2,744</u>	<u>4,768</u>	<u>22,539</u>	<u>30,051</u>	<u>30,430</u>

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

7. Staff costs

	2016 £	2015 £
Director's salary	<u>19,760</u>	<u>19,760</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 £1,973 (2015: £1,652). 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 2016

8. Fixed Assets

	Office Equipment £
Cost	
At 1 April 2015 and 31 March 2016	1,198
	<hr/>
Depreciation	
At 1 April 2015 and 31 March 2016	1,198
	<hr/>
Net Book Value	
At 31 March 2016 and 31 March 2015	-
	<hr/> <hr/>

9. Investments

	2016 £	2015 £
Market value at 1 April 2015	2,727,758	2,566,899
Additions at cost	174,123	172,695
Disposal proceeds	(180,534)	(167,332)
Equalisation	(638)	-
Net (losses)/gains on investments	(172,938)	155,496
	<hr/>	<hr/>
Market value at 31 March 2016	2,547,771	2,727,758
	<hr/> <hr/>	<hr/> <hr/>
Historical cost at 31 March 2016	2,112,448	2,079,359
	<hr/> <hr/>	<hr/> <hr/>

Investments at 31 March 2016 representing over 5% of portfolio value (2015: nil):

	£
BNY Mellon Fund Manager Newton Global Income	137,718

10. Bank

	2016 £	2015 £
Operating accounts	292,078	260,787
Capital accounts with investment manager	20,190	11,292
	<hr/>	<hr/>
	312,268	272,079
	<hr/> <hr/>	<hr/> <hr/>

11. Debtors

	2016 £	2015 £
Accrued income	11,227	7,018
	<hr/> <hr/>	<hr/> <hr/>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2016

12. Creditors due within one year	2016	2015
	£	£
Other creditors	100,118	66,706
Accruals	7,139	7,093
	<u>107,257</u>	<u>73,799</u>

13. Creditors due after more than one year	2016	2015
	£	£
Other creditors	<u>107,052</u>	<u>52,945</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:

	2016	2015
	£	£
Due within one year	99,671	66,059
Due between one and two years	55,837	36,819
Due between two and five years	51,215	16,126
	<u>206,723</u>	<u>119,004</u>

14. Movement in Funds

	Balances at 1 Apr 2015	Incoming Resources	Outgoing Resources	Investment loss	Balances at 31 Mar 2016
	£	£	£	£	£
Restricted funds					
Bursary Award Scheme	109,856	40,000	(68,019)	-	81,837
Unrestricted funds					
Revenue fund	(15,782)	112,033	(134,232)	-	(37,981)
Capital fund	2,786,037	-	-	(172,938)	2,613,099
	<u>2,880,111</u>	<u>152,033</u>	<u>(202,251)</u>	<u>(172,938)</u>	<u>2,656,955</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 2017.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2016

15. Analysis of Net Assets between funds

	Restricted Funds £	Revenue Fund £	Capital Fund £	Total £
Investments	-	-	2,547,771	2,547,771
Current assets	177,137	81,030	65,328	323,495
Current liabilities	(40,237)	(67,022)	-	(107,259)
Liabilities due after more than one year	(55,063)	(51,989)	-	(107,052)
Total net assets	<u>81,837</u>	<u>(37,981)</u>	<u>2,613,099</u>	<u>2,656,955</u>

16. 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 (2015: £2,964) and administrative support costs of £1,447 (2015: £1,212).

The Scottish Forestry 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 2016, 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 13, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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).

The Scottish Forestry Trust

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



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

24 August 2016

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