



Report and Financial Statements

Year ended 31st March 2014

Charity No. SC008465

www.scottishforestrytrust.org.uk

TRUSTEES' REPORT

Reference and administrative information

Trustees

G R Watt, Chair

Prof S Woodward, Member of the Projects and Research Committee

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

Dr C P Quine, Member of the Projects and Research Committee - Chair 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

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, 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:

£100-£1,000

A Gunn

G Watt

J Ball

Chairman's Foreword

The Trust continued to make steady progress during the year to 31 March 2014. We provided £45,918 to ten existing projects and committed financial support totalling £92,620 to five new General Assistance applications and three new Bursary Scheme applications. Our current project portfolio stood at eighteen projects with a total cost of £1.14 million and a Trust approval of £248,732 giving a leverage of £4.60 for every project £1 we spend.

The quality of the projects we support continues to be important to us and this is recognised through our award schemes. This year the Dr Cyril Hart Memorial Award was awarded to Dr. Scott McG Wilson for his published paper that reviewed the adoption of alternative silvicultural systems in Great Britain.

The Trust's investment portfolio made further modest progress and at 31 March 2014 was valued at £2,566,899, an increase of £35,685 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.

One aspect of the Trust's work that is frequently not immediately recognised is that in supporting projects the Trust is often helping individuals, particularly younger people, in the personal development of their careers. This is important for them individually, but it is also important for the forest sector as it will need highly experienced, professional and knowledgeable people if it is to continue to contribute the many benefits it provides in a rapidly changing and complex world. The Trustees will continue to recognise this aspect of the Trust's work and to see how they can help individuals personally.

The Trustees have also spent some time discussing how they can raise the profile of the Trust. The inclusion of the word 'Scottish' in the name of the Trust appears to have led to the perception, particularly outside Scotland, that the Trust will only fund projects that take place in Scotland, or would benefit Scotland. This is not the case as the Trust's remit allows it to fund projects throughout the UK. The word 'Scottish' in our name reflects the Trust's origins, which are explained elsewhere in this report. One of the ways that the Trustees are seeking to raise the profile of the Trust, and to explain and promote the work the Trust supports, is through an E-newsletter. The E-newsletter is now circulated directly to nearly 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.

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 often linked back to climate change, pests and diseases and the needs of society.

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.

G.R. Watt

G R Watt

Report of the Trustees for the year ended 31 March 2014

The Trustees present their annual report and financial statements for The Scottish Forestry Trust for the year ended 31 March 2014. 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 gender and to maintaining a balance on the Board among landowners/forestry owner members, processor representatives, economic 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 and this is reviewed by Trustees at least annually. The Trustees consider variability of investment returns on our portfolio as the most critical risk and this has been reinforced by the recent volatility of world stock markets. The Trust has a formal "Statement of Investment Principles" with our Investment Managers from which we review the basis of how our investment portfolio is being managed with due consideration to the Trust's aims and objectives. In particular, Trustees formally consider the annual target income level; the performance benchmarks used and the level of risk that Trustees are prepared to accept. Trustees have taken 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.

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.

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 2012-2013 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 nearly 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 grant aided research programmes have performed

The outcomes of the Trust's work 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 approved funds totalling £92,620 to support eight new projects, three of which were through the Bursary Award Scheme, taking the leverage we are achieving from our current portfolio of projects to £4.60 for every £1 of Trust funds we commit.

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

Completed Projects

Alternative silvicultural systems - study of adoption and development of case studies – (Scott McG Wilson) - This project recorded and evaluated the application of alternative silvicultural systems to clear-cutting (ATC) by British forest managers. Recent years have seen increasing adoption of ATC across many ownerships, with multiple objectives. Thirty case studies highlighted the diversity of current adoption and 165 located examples were recorded in a database. An article was prepared by the author for the Quarterly Journal of Forestry in October 2013 entitled "Adoption of alternative silvicultural systems in Great Britain: A review".

Ongoing Projects

A Social History of Scottish Forestry in the 20th Century (University of the Highlands and Islands Centre for History) The project is now embarked upon its final phase; writing text for a book, which will be approximately 100,000 words in length and highly illustrative with over 200 illustrations, many of which will be sourced through the Forestry Memories website and interviewees. A financial contribution will be made by the Centre for History towards production costs in order to ensure high standards of production and a fully illustrated book, which will be attractive and will amply illustrate forestry and all its many aspects and the people who were so much a part of its history.

Susceptibility of Scots pine and Lodgepole pine provenances to *Dothistroma septosporum* (The University of Aberdeen) - The objectives of this Bursary Scheme funded PhD are to determine the relative susceptibility of different host species to *Dothistroma septosporum*, (the causal agent of red band needle blight), with particular reference to different provenances of Scots and Lodgepole pine, and to compare host resistant mechanisms in response to the disease. The outcomes of this research will enable the potential for resistance to red band needle blight of pines of different provenances to be assessed, giving scope for nurseries to raise plants with less risk of developing the disease once in the plantation. It will also help target the management of existing stands through the identification of provenances that are more likely to withstand the disease pressure and allowing those that are more likely to succumb to the disease to be targeted.

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.

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

Much afforestation in recent years has taken place on agricultural land. Whilst ostensibly this is good news for climate change mitigation, the carbon balance of these new woodlands is poorly understood. Of particular importance is the need to understand how carbon stocks below ground have been affected by afforestation. The aim of this Bursary Award Scheme funded PhD project is to investigate the effect of tree planting on farmland on the quantity, depth and type of below ground carbon. This will be assessed through excavation of root systems and sampling of soil carbon stocks and 'fractionation' to determine likely residence times for carbon in the soil. The implications for the 'Woodland Carbon Code' will be investigated following a life cycle analysis methodology.

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.

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.

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.

Sitka Spruce – An environmental history – (Ruth Tittensor) – Funding has been awarded in order for the author to produce a book, intended for a wide audience, which will describe and explain how this conifer species of the North American rainforest came to be chosen and used for planting in its hundreds of millions in Irish and British landscapes. Its cultural associations and contributions to First Nations’ and European society past and present will be discussed, as well as its role in native and plantation ecosystems on both sides of the Atlantic. The author intends to demonstrate the beauty of Sitka spruce and its benefits to society and the landscape.

New Projects

Biodiversity Training for Communities – Central Scotland Forest Trust

CSFT’s Biodiversity Training for Communities project aims to increase the skills and confidence of community groups involved in managing or running a biodiversity or nature conservation site. It will deliver 15 free training events a year between 2012 and 2014 to community woodland groups, biodiversity interest groups and, where appropriate, be open to the general public aiming to increase involvement in these groups, and also in national and local citizen science 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.

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

The CCFG National Conference in 2014 will bring together leading practitioners, the forestry profession and the wider community, to discuss their experience and latest developments in CCF. Delegates will visit champion woodlands and forests that demonstrate the potential of CCF systems to deliver viable futures in terms of timber, recreation, other markets and services. Support from the Trust enabled the conference keynote speaker Dr. Klaus Puettmann to attend the event in person from Oregon State University.

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 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.

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.

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.

Further information on all the newly 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 will not be formally presented until later in the year.

The Dr Cyril Hart Memorial Award for 2013 was presented to Dr. Scott McG Wilson, an independent Chartered Forester and consultant forest scientist based in Aberdeen. His paper, "Adoption of alternative silvicultural systems in Great Britain – A review" was published in the October 2013 issue of the Quarterly Journal of Forestry and followed on from research carried out by Dr Wilson and supported by the Trust during the year.

Financial review

Financial information

During the year the Trust's income amounted to £108,272 (2013: £138,931). After deduction of expenses, and before realised and unrealised gains on investments, the net incoming resources amounted to £15,895 (2013: £54,197). The market value of investments has increased over the year from £2,531,214 to £2,566,899.

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. Unrestricted capital funds are not normally used for revenue purposes although the Trust Deed does permit this.

The Trustees are currently reviewing the reserves policy with a view to having a formal policy in future years.

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 £180,918 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: 7th August 2014

G.R. Watt

G R Watt

THE SCOTTISH FORESTRY TRUST

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

For the year ended 31 March 2014

	Notes	Restricted Funds £	Unrestricted Funds £	2014 Total £	2013 Total £
Incoming resources					
Incoming resources from generated funds:					
		-	881	881	620
	2	-	97,380	97,380	93,311
		10,000	11	10,011	45,000
Total incoming resources					
		10,000	98,272	108,272	138,931
Resources expended					
Cost of generating funds:					
		-	15,228	15,228	14,174
	3	-	-	-	17,263
	3	-	2,875	2,875	-
	4	17,989	53,805	71,794	50,897
	7	-	2,480	2,480	2,400
Total resources expended					
		17,989	74,388	92,377	84,734
Net incoming resources before other recognised gains / (losses)					
		(7,989)	23,884	15,895	54,197
Other recognised gains / (losses)					
Gain on investment assets					
		-	34,819	34,819	11,112
	10	-	19,620	19,620	265,820
Net movement in funds					
		(7,989)	78,323	70,334	331,129
Reconciliation of funds					
		76,424	2,596,500	2,672,924	2,341,795
		68,435	2,674,823	2,743,258	2,672,924

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

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

THE SCOTTISH FORESTRY TRUST

BALANCE SHEET

As at 31 March 2014

	Notes	2014 £	2013 £
Investments	10	2,566,899	2,531,214
Current Assets			
Bank	11	189,618	132,641
Debtors	12	6,559	16,700
		<u>196,177</u>	<u>149,341</u>
Creditors: amounts falling due within one year	13	<u>(19,818)</u>	<u>(7,631)</u>
Net current assets		<u>176,359</u>	<u>141,710</u>
Net assets		<u><u>2,743,258</u></u>	<u><u>2,672,924</u></u>
Represented by:			
Restricted funds	14	68,435	76,424
Unrestricted funds	14	2,674,823	2,596,500
		<u>2,743,258</u>	<u>2,672,924</u>

Approved by the Board of Trustees on 7th August 2014 and signed on its behalf by:


Chairman
G R Watt


Trustee
Dr C P Quine

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

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

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 2014

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

	2014	2013
	£	£
UK listed investments	96,635	92,325
Interest on cash deposits	745	986
	<u>97,380</u>	<u>93,311</u>

3. Cost of generating funds

	Grant funding	Support costs	2014	2013
	£	£	£	£
Brochure	-	-	-	17,263
Promotion	-	2,875	2,875	-
	<u>-</u>	<u>2,875</u>	<u>2,875</u>	<u>17,263</u>

4. Charitable activities

	Grant funding	Support costs	2014	2013
	£	£	£	£
Education	8,240	4,658	12,898	-
Research	37,678	21,218	58,896	50,897
	<u>45,918</u>	<u>25,876</u>	<u>71,794</u>	<u>50,897</u>

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2014

5. Grant funding - project grants	Restricted Funds	Unrestricted Funds	2014 Total	2013 Total
	£	£	£	£
Education				
Sitka Spruce – An Environmental History	-	1,290	1,290	-
Sylva Foundation	-	5,000	5,000	-
Central Scotland biodiversity programme	-	1,500	1,500	-
RSFS Annual Lecture	-	450	450	-
Research				
Managing forests for ecosystems – IUFRO	-	-	-	750
Environment and geneflow adaptation in Scots pine	2,981	2,980	5,961	-
Continuous Cover Forestry Glentress	-	-	-	2,786
Sitka Spruce Raw Material Segregation	-	-	-	6,900
Adaptation of British Tree Populations to Climate Change	-	-	-	2,000
Alternative Silvicultural Systems	-	900	900	2,100
Woodland Trust	-	800	800	-
Soil Carbon and the Woodland Carbon Code	7,800	7,800	15,600	-
Cardiff University studentship	1,315	1,315	2,630	-
Tilia Cordata – A Palaeoecological Investigation	-	-	-	1,299
Susceptibility of Scots and Lodgepole pine provenances to Red Band Needle Blight caused by Dothistroma Septosporum	5,893	5,894	11,787	11,475
Improving production of local-origin Aspen in Scotland	-	-	-	1,380
	<u>17,989</u>	<u>27,929</u>	<u>45,918</u>	<u>28,690</u>

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

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	2014 Total	2013 Total
	£	£	£	£	£
Employment costs	2,056	3,331	15,173	20,560	19,928
Brochure costs	-	-	-	-	11,285
Office costs	597	968	4,407	5,972	6,731
Trustees' expenses & meeting costs	170	276	1,257	1,703	647
Payroll	59	95	435	589	531
Miscellaneous	(27)	(43)	(198)	(268)	270
Bank charges	20	31	144	195	78
	<u>2,875</u>	<u>4,658</u>	<u>21,218</u>	<u>28,751</u>	<u>39,470</u>

Costs of producing a promotional brochure have been allocated directly to this activity. The employment costs of the Director have been allocated in accordance with time spent on each activity.

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2014

7. Governance costs	2014	2013
	£	£
Audit fees	2,480	2,400
	<u>2,480</u>	<u>2,400</u>
8. Staff costs	2014	2013
	£	£
Director's salary	19,000	18,425
Social security	1,560	1,503
	<u>20,560</u>	<u>19,928</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 reimbursed expenses totalled £1,703 (2013: £647). These expenses were incurred in respect of travel and subsistence while attending Trustees' meetings.

No employee received emoluments over £60,000.

9. Fixed Assets	Office Equipment
	£
Cost	
At 1 April 2013 and 31 March 2014	<u>1,198</u>
Depreciation	
At 1 April 2013 and 31 March 2014	<u>1,198</u>
Net Book Value	
At 31 March 2014 and 31 March 2013	<u>-</u>

10. Investments – fixed assets	2014	2013
	£	£
Market value at 1 April 2013	2,531,214	2,255,633
Additions at cost	200,696	186,976
Disposals	(184,631)	(177,215)
Net unrealised gains on revaluation	19,620	265,820
Market value at 31 March 2014	<u>2,566,899</u>	<u>2,531,214</u>
Historical cost at 31 March 2014	<u>2,085,332</u>	<u>2,094,950</u>

No Investments at 31 March 2014 represented over 5% of portfolio value.

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2014

11. Bank	2014	2013
	£	£
Operating accounts	173,243	127,755
Capital accounts with investment manager	16,375	4,886
	<u>189,618</u>	<u>132,641</u>

12. Debtors	2014	2013
	£	£
Accrued income	6,559	6,700
Other debtors	-	10,000
	<u>6,559</u>	<u>16,700</u>

13. Creditors	2014	2013
	£	£
Other creditors	12,996	1,009
Accruals	6,822	6,622
	<u>19,818</u>	<u>7,631</u>

14. Movement in Funds

	Balances at 1 Apr 2013	Incoming Resources	Outgoing Resources	Investment gain	Balances at 31 Mar 2014
	£	£	£	£	£
Restricted funds					
Bursary Award Scheme	76,424	10,000	(17,989)	-	68,435
Unrestricted funds					
Revenue fund	20,398	98,272	(74,388)	-	44,282
Capital fund	2,576,102	-	-	54,439	2,630,541
	<u>2,672,924</u>	<u>108,272</u>	<u>(92,377)</u>	<u>54,439</u>	<u>2,743,258</u>

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

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the year ended 31 March 2014

15. Analysis of Net Assets between funds

	Restricted Funds	Revenue Fund	Capital Fund	Total
	£	£	£	£
Investments	-	-	2,566,899	2,566,899
Current assets	68,435	64,100	63,642	196,177
Current liabilities	-	(19,818)	-	(19,818)
Total net assets	<u>68,435</u>	<u>44,282</u>	<u>2,630,541</u>	<u>2,743,258</u>

16. Commitments

The Trust has made commitments to pay future project grants. The payment of these future commitments is conditional on the research continuing and satisfactory reports being received by the Trustees. The project reports are considered by the Trustees before approval of the payment of any further tranches of funding. The grant commitments that the Trust has as at the year-end are as follows:

Financial year	Total
	£
2014/15	81,714
2015/16	45,445
2016/17	29,398
2017/18	6,625
2018/19	4,550
2019/20	2,450

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 (2013: £2,964) and administrative support costs of £1,496 (2013: £2,011).

£11,787 (2013: £11,475) was paid in grants to Susceptibility of Scots and Lodgepole pine Provenances to Red Band Needle Blight caused by *Dothistroma Septosporum*. Prof S Woodward, is Professor in the Institute of Biological and Environmental Sciences at The University of Aberdeen, and Dr M A Pinard, a Senior Lecturer in The School of Biological Sciences at The University of Aberdeen, are both Trustees.

£1,500 (2013: £Nil) was paid in grants to Biodiversity Training for Communities. G R 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 2014, 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 10, 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 2014 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)**



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
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

15th August 2014

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