



Report and Financial Statements

Year ended 31st March 2020

Charity No. SC008465

www.scottishforestrytrust.org.uk

The Scottish Forestry Trust

For the year ended 31 March 2020

Chair's Foreword

The past year is one in which, for most of the year it was business as usual for the Trust but which ended in the sudden and unexpected death of our Director, Bob Stubbs, and in the beginnings of disruption to our normal work as a result of the Covid 19 situation.

During the year we were able to make payments of £95,061 to 13 different, existing projects and made commitments totalling £90,184 to 9 new projects.

The Bursary scheme continues to be successful in providing funding to PhD students, with some ten active projects and with a total of 21 projects having been supported to date. We are greatly indebted to the Forestry Commission, to Forestry Commission Scotland and Scottish Forestry, and to Tilhill Forestry Clients and QBE Business Insurance. They have all provided funding for the bursary scheme and enabled the Trust to supplement our own resources in support of PhD students.

We said goodbye to two long serving Trustees, Gordon Callandar and Alan Black, during the year. Both had served for 11 years as Trustees and had made valuable contributions to the development and administration of the Trust's affairs. We were pleased to welcome two new Trustees in Eddie Balfour and Paul Atkinson who bring strong experience of the forestry sector and the financial sector respectively.

The sudden death of our Director, Bob Stubbs, was a source of great sadness. Bob was an effective and well-respected administrator and had ably managed the affairs of the Trust for the past 11 years, providing sound advice to the Trustees and carrying out the Director's duties with diligence and efficiency. Always cheerful and helpful, he will be sadly missed by all who knew him. A recruitment process has begun and we will take this opportunity to take stock of the Trust's policies, achievements and procedures to see if some updating is required.

Towards the end of the year the Covid 19 situation began to make its presence felt. It was clear that many academic institutions in particular were finding it difficult, in the face of lockdown and biosecurity arrangements, to put together new projects and to progress existing projects. As a consequence, we had a number of requests for extensions to reporting dates and we were pleased to be able to accommodate these. New applications for funding also died away towards the end of the year.

Our investment portfolio declined in value as a result of the initial impact of Covid on the stock market. From a starting point of £2,886,211, we finished the year with a valuation of £2,570,091 and we anticipate a lower level of income from our investments in the coming year. However, with a strong bank balance we are well able to meet all our existing financial commitments and to take on board new commitments. We are grateful to Brewin Dolphin for their continued professional management of our investment portfolio.

Finally, I would like to thank all of my fellow trustees for their input and support throughout the year. Their commitment to the running and development of the Trust is greatly appreciated.

Dr R McIntosh

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2020

Reference and administrative information

Trustees

Dr R McIntosh, Chair
Dr M A Pinard, 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
Prof Simon Leather, Member of the Projects and Research Committee
Helen McKay, Member of the Projects and Research Committee
A Black (Resigned 31 December 2019)
G Callander (Resigned 31 December 2019)
P Gordon-Duff
J M Gibson
Ralland Browne
E Balfour (Appointed 1 January 2020)
P Atkinson (Appointed 1 January 2020)

Director

R Stubbs (Until 3 February 2020)

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

Addleshaw Goddard, 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 all our donors to the Trust's funds this year.

The Trust received donations and legacies of £2,214 during the course of the year.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2020 (Contd.)

The Trustees present their report and the audited financial statements of The Scottish Forestry Trust for the year ended 31 March 2020. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

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.

The Trust 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 projects within the above scope.

The objectives of the Trust continue to be met fully through grant aiding projects on research, education and training in their broadest sense using the Trust's investment income. A proportion of the activity provides education and training opportunities for post-graduate students, and this remains a focus for the future. 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.

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 Scottish Forestry (and their predecessor body Forestry Commission Scotland), who have provided financial support to enable us to assist PhD and MSc students through our Bursary Award Schemes and to Tilhill Forestry and QBE Business Insurance for providing additional resources to support research into reducing risks in forest and woodland establishment. - check

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.

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

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Report of the Trustees for the year ended 31 March 2020 (Contd.)

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 £95,061 on staged payments to projects where commitments had already been made. We approved future commitments of £90,184 to a number of new projects with payments to them continuing to 2025 for some projects.

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

Information on all our approved projects can be found at <http://www.scottishforestrytrust.org.uk/projects-in-progress>. A summary of projects both completed and approved in year is provided below along with details of ongoing projects.

Completed Projects

MySafety App: Mobile Technology Applied to Improve Forest Safety (Invigilatis Ltd)

The key objective of the project is to replace ineffective, out-dated, paper-based processes by deploying low-cost, smart technology to operators in the forestry industry so that they can record incidents more easily, be assured of their personal safety and respond to periodic questionnaires which will provide the industry with its first ever holistic assessment of its safety culture.

The project will drive a fundamental advance in the industry's safety culture, so improving safety practices and training which, in turn, will reduce the numbers of incidents and fatalities. While the SFT funding has been drawn down the project is due for launch/ completion in 2021.

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 was analysed for different cultivation areas (ploughing, excavator mounding, hand mounding, rotary mounding, screeing). Complementary data also determined the effectiveness of good practice controls (e.g. restricting furrow length/depth; vegetation filter strips; silt traps). Numerical hydraulic models were used to appraise how planting techniques and controls, including future scenarios for woodland maturation, alters flood risk. Outcomes will be used 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.

Digital Quarterly Journal of Forestry: Early Years (Royal Forestry Society)

The RFS created a free-to-access digital record that charts the history of Forestry in England during World War I and in the challenging period immediately following the war. The record has been created by commissioning professionals to scan and collate volumes of the RFS 'Quarterly Journal of Forestry' dating from 1914 to 1920. These volumes document the solutions that people within the forestry sector employed to solve many of the economic, environmental and sustainability problems that arose during this challenging time. The volumes will then be uploaded to the RFS website, where it would provide a searchable, free to access historic record that is not available elsewhere.

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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 presented 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) provided an excellent opportunity to make use of new tools for ES evaluation that have not been used before.

The Ecology and Genetics of Native Scottish Crab Apple (Falkland Stewardship Trust)

This project was carried out by Dr Rick Worrell in association with the Falkland Stewardship Trust. Crab apple (*Malus sylvestris*) is probably Scotland's least researched and understood native tree species, and this project set out to remedy this by providing ecological, genetic and management information. It is a rare but ecologically valuable species that is currently undervalued in forestry. Importantly, the species is known elsewhere in Europe to be at risk from hybridisation with domestic apples. The objectives of the work were to: a) Carry out an inventory of wild-grown apple trees, recording their morphology and the ecology of the sites and woods they occur in; b) Have an RBGE student investigate the problem of hybridisation and describe genetic variation using micro-satellite markers; and c) Make a collection of scion material from trees which the genetic analysis shows to be true crab apples and establish one or more clonal seed stands. The outputs are management guidelines, with advice on planting, seed collection and genetic conservation.

Support for Attendance of Forest Research Early Career Scientists at IUFRO 2019 World Congress (Forest Research)

The objectives of this project were to provide opportunities for early career FR staff to engage with the international research community at the IUFRO World Congress in 2019 to gain new knowledge, lay the foundation for new collaborations, and promote the work being undertaken in UK and to provide the UK forestry sector with insights from the premier global forestry research conference. Support was offered to enable 4 researchers to attend the conference.

Forest and Timber Industry Development Contribution Mechanism – The Fund (Confor Ltd)

The requirement for a Fund has been identified to address current and emerging issues such as future declining availability of public funding for research, the restructuring of the Forestry Commission, and reliance on public sector funding which does not always lead to commercially quantifiable outcomes and a move by government to a 'Responsibility and Cost Sharing' model for the setting of priorities and funding of projects of joint interest. The Fund would bring together industry identified priorities and look for partners to joint fund projects to deliver against broader research and skills strategies. This project is be Stage Two of a process of developing the detail of a Fund that the Confor Board can agree to establish and is now being further developed.

Improving the Understanding and Management of Phoenix Trees (Falkland Stewardship Trust)

Mature broadleaved trees in Scotland's windy climate blow over, but a proportion re-root and continue to grow. These become interesting, ecologically important and attractive trees; with considerable appeal to the public. This phenomenon is rarely fully appreciated by woodland managers and phoenix trees are at risk from firewood cutting, browsing and being swamped by bracken. The process may constitute an adaptive response that helps some types of native woodland persist in Scotland's windy climate and in the face of huge grazing pressure. The objectives of the work were firstly to describe the phenomenon and to evaluate its ecological importance, so as we understand it adequately. This included carrying out a survey of phoenix trees. The second was to raise awareness primarily among professionals (but also more widely), and to encourage better management practices. The outputs include management guidelines advising on evaluation and protection of trees and a popular article drawing attention to the ecological importance of the phenomenon. The work was carried out by Dr Rick Worrell.

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The Multi-trophic Consequences of Ash Dieback: A Baseline Survey of Wytham Woods (University of Oxford)

European ash has become the latest victim to the fungal pathogen (*Hymenoscyphus fraxineus*) responsible for ash dieback. Ash is the third most abundant broadleaved tree species in British woodlands and the disease is therefore expected to have a major impact on woodland ecosystems. Ash dieback has recently been detected in Wytham Woods, Oxford's iconic ecological observatory where many of the foundations of modern ecology were laid. Thanks to years of research across many areas of ecology, Wytham is probably the only place in the world that is positioned to track the full ecological consequences of the disease. In this study the researchers aim to gather baseline data in low and high ash areas of Wytham Woods before the impacts of the disease become prominent. These data will be used to apply for funds to track changes due to ash dieback which may be used to inform woodland management in the UK. The project is scheduled to be completed in 2020.

Ongoing Projects

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 2020.

Development and Publication of Tree Work Guides (Arboricultural Association)

This project is being carried out by the Arboricultural Association and will create a suite of supporting technical guides which will provide detailed, practical guidance for arboricultural operatives. Building on the recent development of the Industry Code of Practice for Arboriculture, the guides will describe "industry good practice" and will support training programmes and provide the benchmark standards for a range of practical arboricultural operations. The guides will be designed to be accessible to operators with high quality photographs and illustrations. The initial timetable saw the guides available in 2019 but this has been extended to 2021.

Improving Biodiversity in Lowland Planted Woodlands (Falkland Stewardship Trust)

Woodlands planted on arable land and improved pasture fail to develop woodland plant communities and remain dominated by grass and agricultural weeds; even in old woods. This severely limits their biodiversity value, including impacts on some invertebrate populations; and reduces the amenity and recreational appeal of the woods. This can be addressed via careful introductions of missing woodland plant species aimed at simply establishing small viable populations that can colonise the wood over time. There are a few trials of woodland plant introductions in Scotland and England; but none have used this approach and are suitable for long term monitoring and research. The Research Objectives are to a) Establish long term demonstration sites to test the feasibility of introductions, provide evidence of outcomes, refine methodology and seek cost-effective approaches and b) Arrange training events focused on good conservation management of lowland planted woods. Carried out by Dr. Rick Worrell in association with the Falkland Stewardship Trust, this project has been extended and is now due for completion in 2022.

Mapping impacts of *Phytophthora austrocedri* in juniper (Center for Ecology and Hydrology)

A key component of resilience of forest ecosystems to pathogens is understanding environmental and ecological processes that favour establishment and spread for effective targeting of mitigation methods. Such conditions are poorly described for new oomycete *Phytophthora* pathogens that are damaging forest ecosystems in Britain. *Phytophthora austrocedri* is now known to be causing extensive dieback of Juniper, a declining UK Biodiversity Action Plan priority species, in Scotland and northern England. This project aims to (1) determine how topography, climate, hydrology and host community structure interact to favour disease establishment and spread from field scale to landscape and regional scales (2) understand how conditions favouring juniper population persistence interfaces with conditions

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.....favouring disease establishment and (3) develop spatial tools that map *P. austrocedri* impact on juniper populations for geographical targeting of conservation and biosecurity measures. Carried out by the Centre for Ecology and Hydrology; Forest Research and the University of Cambridge, this project is due to be completed in 2021.

Predicting Impacts of Extreme Weather Events on UK Forests (Stirling University)

This research will integrate new and existing tree-ring data on *Picea* and *Pinus* species to deliver a predictive understanding of the change in tree risk, resistance, recovery and resilience to drought, in the dominant commercial conifer species in the UK. Industry outputs will include dissemination via forest industry forums, maps, and probabilistic risk and vulnerability functions which will be integrated into the decision support systems (including the online Forest Research DSS system) available and widely used by UK forest managers. Academic outputs will include scientific articles and conference presentations. The project is due for completion in 2021.

Alternative Techniques for Managing *Hylobius abietis* (Forest Research)

The large pine weevil (*Hylobius abietis*) is the most serious pest of newly planted or naturally regenerating woodland trees on restocking sites in Scotland and the rest of the UK and Ireland. The need to find alternatives to the use of existing insecticides or a fallow strategy have led to a 10 year, collaborative research effort across the UK forest industry involving Forest Research, UPM Tilhill, Maelor Nurseries, Forest Enterprise England, Forest Enterprise Scotland, Natural Resources Wales, the Northern Ireland Forest Service, Coillte, Confor, Scottish Woodlands, and Swansea University, along with a range of other important stakeholders. This research will investigate a range of innovative techniques for the integrated management of *Hylobius abietis*. The objective of this project is to produce a number of open access, independently peer reviewed scientific papers to report on this research, and to provide an evidence base for decision makers in the sector considering options for managing *Hylobius abietis*, and for stakeholders interested in the rationale for current forest practices. The project will be completed by late 2020.

Improved Pretreatments and Fractionation of Soft and Hardwoods to Access Feedstock Chemicals – University of St Andrews

The purpose of this PhD research study is to develop improved pretreatments for Sitka spruce co-products in order to deliver high quality lignin and fermentable sugar streams. Fractionation protocols for lignin derived from Sitka spruce and from softwood and hardwood co-products will also be assessed and finally, aromatic monomers derived from the lignins will be optimized in the production process. There has been a year's delay in commencing this project and the research will now be concluded in 2024.

Cancelled Projects

Future Proofing British Conifer Forestry in Response to *Phytophthora ramorum* (Forest Research)

Phytophthora ramorum is the cause of major loss of Japanese larch throughout western Britain and there are now concerns that Sitka spruce may be at increased risk as the epidemic progresses. This PhD study aims to analyse the extent of the threat to Sitka spruce by exploring what factors might increase its vulnerability to *P. ramorum*, refine our understanding of the environmental factors that promote or prevent disease development on larch and spruce in relation to inoculum pressure and climate, and draw from this information an assessment of whether European larch could be a viable species choice in future. This project which was due to conclude in 2022 was cancelled due to lack of match funding availability.

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Report of the Trustees for the year ended 31 March 2020 (Contd.)

New Projects

An Interview with George Stewart (1919): A Century in Forestry

The Royal Scottish Forestry Society commissioned a recording of George Stewart's memoirs as a historic eye-witness account of the early days of state forestry in Scotland. The film will provide an educational resource for schools, universities and historical researchers and was launched at an event in December 1919 to celebrate George's 100th birthday, all as part of the centenary of the founding of the Forestry Commission in 1919. The outcome will be an historic interview recorded and placed online with key partners (SFT, Royal Scottish Forestry Society, Forestry Memories, & Culture Perth & Kinross). A number of DVDs will also be made available for distribution to schools and colleges as required.

The project concluded in 2019.

Improving Outcomes in Montane Woodland Restoration

This project led by Stirling University as part of a wider consortium relates to a research studentship which will investigate how exploiting microsite factors, mycorrhizal associations and natural regeneration potential can be used to improve the outcomes of montane scrub restoration projects in Britain. It intends to aid the development of conservation management techniques which will create healthy and sustainable upland tree populations, thereby facilitating the long-term resilience of this biodiverse habitat and the expansion of the treeline ecotone. Industry outputs will include dissemination via the Montane Scrub Action Group and recommendations to be incorporated into management plans and Best Practice guidelines for land owners undertaking mountain woodland conservation. Academic outputs will include scientific articles and conference presentations.

The project will conclude in 2025.

Assessing Uncertainty to Improve Urban Tree Management

This research project which is a partnership between the University of Southampton and Forest Research focuses on urban trees which provide numerous benefits to urban society, including air pollution removal, building energy conservation, urban climate regulation, and access to nature. Urban tree managers and government agencies are interested in assessing the magnitude and socially equitable distribution of urban tree benefit delivery, and building resilience under a changing climate. However, a national picture of urban forest cover, composition and quality does not exist. At the city scale, such information is occasionally available through local uptake of "i-Tree" tools. This PhD studentship project aims to critically examine urban forest sampling protocols with a view to optimising i-Tree Eco surveying. By clarifying the surveying effort required and maximising output accuracy the project aims to increase the opportunity for cities to gain the inventory data required for evidence-based policy creation, and development of management strategies that maximise delivery of tree benefits to urban society.

The project will conclude in 2023.

Wild Service (*Sorbus torminalis*) Provenance Trial

Woodland Heritage will run a trial to test different provenances of *S. torminalis* for survival, growth and stem quality in order to provide recommendations for silvicultural practice. The work undertaken will include creation of a survey protocol to guide measurements and monitoring to be carried out at regular intervals during the first phase of this project, with survival with early growth analysed after one, three and five years. By the end of the first phase, there will be clear outcomes emerging as to the best performing provenances out of nine selected from the UK and Europe. The results of this research will be disseminated to industry bodies and publications directly and online for wider consumption, representing the only provenance trial for Wild Service Tree ever to have been undertaken in Britain, which will help raise the profile and potential of this under-used but potentially remunerative hardwood.

The project will conclude in 2023.

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Untapped Provenances of Sitka Spruce (Forest Research)

This aim of this research project undertaken by Forest Research is to determine the variability in growth and wood properties between 25 Pacific Northwest seed origins of Sitka spruce growing in northern Scotland. This will be achieved through destructive sampling and the subsequent accurate measurements of radial growth and wood properties on wood discs. In addition to providing an overview of the ecological and market suitability of a wider range of provenances than has been considered before in the UK, the results will be used to inform tree breeders and growers of the potential to incorporate a wider range of material into the current breeding population of Sitka spruce in the UK.

The project will conclude in 2021.

Industry Fund – Developing a Research and Development Prospectus (Confor Ltd)

Following on from work previously supported by SFT Confor is now seeking to develop a prospectus for the Research and Development stream of the proposed Industry Fund. The project would see two workshops being organised, one in the north and one in the south of the UK, bringing together industry people from across the sector with research providers to identify research priorities that meet industry needs. The output from these two workshops would be analysed and a proposed 3-year programme of work produced, with best estimate of costs, that could be consulted upon and included in the Business Plan for the Fund that would be put to industry to vote on whether a Fund should be introduced or not.

The project will conclude in 2020.

Securing Good Quality Acorn Supply in the United Kingdom (Future Trees Trust)

This research led by the Future Trees Trust recognises that the 'Boom and Bust' (masting) patterns of acorn production have significant economic impacts: it results in an unreliable annual supply of well-adapted and high-quality acorns to forestry, while there is a high demand every year. Shortages are problematic since recalcitrant seeds cannot easily be stored, imported seeds may be of an unsuitable provenance and pose biosecurity risks. The aim of therefore of this research studentship is to investigate the highly variable acorn production by native oak in the UK, so as to inform seed supply industry and seed stand management. It will aim to answer the questions: 1. What is the (historic pattern) of masting and mean acorn production in the UK at the seed zone level? 2. When, and at what phenological stage is seed development currently halted (i.e. what are the premature abscission rates at each phenological stage)?

The project will conclude in 2024.

Dynamic Conservation of Genetic Diversity in Juniper (Centre for Ecology and Hydrology)

The Centre for Ecology and Hydrology leads this consortium research studentship project which will address fundamental gaps in the understanding of levels and management of genetic diversity in Juniper in the UK, and to translate that into conservation measures via the EUFORGEN dynamic conservation framework. The supervisory team has already established an excellent baseline dataset and research platform from which the studentship can make rapid advances. The project will aim to:

1. Characterise genetic diversity in natural populations
2. Quantify adaptive genetic variation in experimental populations
3. Translate research findings into guidance for management and restoration

This research will contribute to the long term protection of genetic diversity Juniper (*Juniperus communis*) which is under severe pressure in the UK due to its highly reduced and fragmented population size, low regeneration rates, climate change and the arrival of a novel pathogen, *Phytophthora austrocedri*.

The project will conclude in 2023

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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 £400. 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.

Financial review

Financial information

During the year the Trust's income amounted to £102,698 (2018/19: £108,971). After deduction of expenses, and before realised and unrealised gains on investments, the net incoming resources amounted to £6,966 (2018/19: net outgoings of £78,429). The market value of investments has decreased over the year from £2,866,211 to £2,570,091 (ex-cash) with the drop attributed to market reaction to COVID 19 Pandemic, see below.

Investment policy

The investments held by the Trust are invested with the investment objective to generate income for the support of charitable beneficiaries as well as protect the real value of the capital over the long-term. The investments are aligned to the charitable purposes of the organisation and the investment policy is reviewed on an annual basis with the investment manager.

At the end of the year, the investment portfolio was valued at £2,605,502 (£2,570,091 ex-cash). The portfolio made good progress up until March 2020 when the capital value fell back as a result of the Coronavirus pandemic and associated lockdown. This resulted in a fall back in value of 7.85% over the 12-month period. Diversification of the investments globally and into assets such as fixed interest and absolute return funds helped to stem the fall and since the end of March a reasonable recovery in value has been seen. Over the year, the sum of £96,326 was received in income which is ahead of the target set for the investment manager.

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 "Investment Policy Statement" (IPS) 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 IPS is reviewed by Trustees every three years and was formally reviewed in August 2017. Trustees also formally consider the annual target income level, and within 19/20 maintained the target to £92,000 per annum; 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.

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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. Sadly in February 2020 the Trust lost the services of Director Bob Stubbs with his sudden passing, the work of the organisation was able to continue through significant voluntary input from the Chair with some additional service contracts.

The Trust has introduced a Fraud Policy and Fraud Action Plan in line with best practice standards required of all Charities. In addition, and in recognition of the new data protection requirements under the GDPR, the Trust have considered and approved measures to ensure compliance with the new regulation.

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.

COVID Pandemic

At the end of the Financial Year 19/20 there was some early fallout from the COVID 19 Pandemic. This was largely restricted to impact on the Investment Funds under management. It is anticipated that the Pandemic will have a more significant impact on SFT's operation over the coming year not only in terms of availability of income but also in the ability of funded projects to have proceeded within their planned timescales as many research staff were not able to access their facilities/ sites.

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 £90,185 and this sum will progressively be disbursed over the next five financial years. Careful management of the Trust's portfolio supplemented by additional fundraising activity will ensure that we are able to meet these commitments.

Recognising that pressures on research budgets are intense whilst the demand for research, education and training 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, including where possible, projects which offer the prospect of shared future IP rights. We will also continue to seek strategic alliances with other organisations, in much the same way as we have with the Forestry Commission and Tilhill Forestry in order to deliver our Bursary Award and other 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 Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2020 (Contd.)

Trustees are appointed for a period of 10 years with an option to review at 5 years depending on individual circumstances. Continuity of expertise is important to the Trust and so appointments and hence retirements are staggered to ensure that experience and historical knowledge is retained for as long as possible. In replacing Trustees, care is taken to replicate skillsets in so far as is possible, in order to retain the breadth of knowledge necessary to deliver our funding support consistent with our Deeds.

On appointment, new Trustees are given an induction pack consisting of a copy of the Trust's Deeds, the last set of accounts; a historical document describing the Trust's achievements and aims; a project listing and copies of application forms and a copy of the latest guidance from OSCR on their role as a Trustee within a charity. The new Trustee is then invited to the formal Trustees' meeting in December as an observer so that they get a flavour of the work of the Trust. Their appointment then commences formally in January of the following year. All Trustees are given the opportunity to attend charity briefing events held by our fund managers and auditors.

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, although out of pocket expenses to attend meetings was reimbursed.

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 7 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.

In line with Government requirements for auto enrolment, the Trust has set up a pension scheme which is available to any staff member if they choose to do so.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2020 (Contd.)

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:

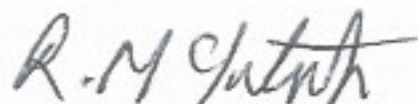
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material 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, the Charities Accounts (Scotland) Regulations 2006 (as amended) 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: 10 Dec 2020



Dr R McIntosh

The Scottish Forestry Trust

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account) For the year ended 31 March 2020

	Notes	Restricted Funds	Unrestricted Funds	2020 Total	Restricted Funds	Unrestricted Funds	2019 Total
		£	£	£			£
Income and endowments from							
Donations and legacies:							
Donations		-	2,214	2,214	-	820	820
Income from investments	2	-	96,736	96,736	-	107,911	107,911
Other income		-	3,748	3,748	-	240	240
Total income		-	102,698	102,698	-	108,971	108,971
Expenditure							
Expenditure on raising funds:							
Investment management costs	3	-	19,487	19,487	-	17,426	17,426
Promotion costs	4	-	2,724	2,724	-	2,890	2,890
Expenditure on charitable activities:							
Research		(10,770)	79,616	68,846	55,000	102,312	157,312
Education		-	4,675	4,675	-	9,772	9,772
Total expenditure		(10,770)	106,502	95,611	55,000	132,400	187,400
Net income/(expenditure) before (losses)/gains on investments		10,770	(3,804)	6,966	(55,000)	(23,429)	(78,429)
Net (losses)/gains on investment assets	9	-	(315,734)	(315,734)	-	137,819	137,819
Net (expenditure)/income and net movement in funds		10,770	(319,538)	(308,768)	(55,000)	114,390	59,390
Reconciliation of funds							
Total funds brought forward		70,135	2,902,059	2,972,194	125,135	2,787,669	2,912,804
Total funds carried forward		80,905	2,582,521	2,663,426	70,135	2,902,059	2,972,194

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 18 to 26 form part of these financial statements.

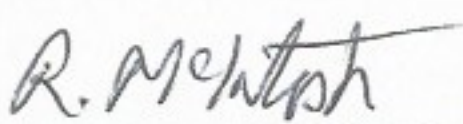
The Scottish Forestry Trust

BALANCE SHEET

As at 31 March 2020

	Notes	2020 £	2019 £
Fixed Assets			
Tangible assets	8	-	-
Investments	9	2,570,091	2,886,211
		<u>2,570,091</u>	<u>2,886,211</u>
Current Assets			
Bank	10	292,897	338,289
Debtors	11	7,693	10,643
		<u>300,590</u>	<u>348,932</u>
Creditors: amounts falling due within one year	12	(139,545)	(169,078)
Net current assets		<u>161,045</u>	<u>179,854</u>
Total assets less current liabilities		2,731,136	3,066,065
Creditors: amounts falling due after more than one year	13	(67,710)	(93,871)
Net assets		<u>2,663,426</u>	<u>2,972,194</u>
Represented by:			
Restricted funds	14	80,905	70,135
Unrestricted funds	14	2,582,521	2,902,059
		<u>2,663,426</u>	<u>2,972,194</u>

Approved by the Board of Trustees on 10 Dec 2020 and signed on its behalf by:


 _____ Chair
 Dr R McIntosh

The notes on pages 18 to 26 form part of these financial statements

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2020

1. Accounting Policies (contd.)

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. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities

Income recognition

All income is recognised once the Trust 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 and legacies

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

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 measured 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.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2020

1. Accounting Policies (contd.)

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.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in Statement of Financial Activities immediately. Any reversals of impairment are recognised in Statement of Financial Activities immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

2. Income from investments

	2020 £	2019 £
Investment income:		
UK listed investments	96,326	107,582
Interest on cash deposits	410	329
	<u>96,736</u>	<u>107,911</u>

3. Cost of raising funds

	Grant funding £	Support costs £	2020 £	2019 £
Promotion	-	2,724	<u>2,724</u>	<u>2,890</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2020

4. Charitable activities	Grant funding £	Support costs £	2020 £	2019 £
Education	(200)	4,875	4,675	9,772
Research	46,055	22,791	68,846	157,312
	<u>45,855</u>	<u>27,666</u>	<u>73,521</u>	<u>167,084</u>
5. Grant funding - project grants	Restricted Funds £	Unrestricted Funds £	2020 Total £	2019 Total £
Education				
Support for attendance of FR early career scientists at IUFRO 2019 World Congress	-	-	-	4,700
RSFS Annual Lecture - Cancelled	-	(200)	(200)	-
Research				
Using satellite imagery to improve Hylobius risk prediction	-	-	-	(5,000)
Digital Quarterly Journal of Forestry - Early Years	-	-	-	1,100
Multi Trophic consequences of ash dieback	-	-	-	20,000
Future proofing British conifer forestry in response to Phytophthora ramorum - Cancelled	(39,000)	(500)	(39,500)	39,500
Alternative techniques for managing Hylobius abietis	-	-	-	5,000
Confor Industry Contribution Mechanism	-	-	-	4,000
Improved pre-treatments and fractionation of soft and hardwoods to access feedstock	-	-	-	33,000
Assessing the risk of chemical runoff following the use of Gazelle SG as a pre-treatment	-	-	-	4,000
Forestry Memories website upgrade and reformat - RSFS	-	-	-	1,328
MySafety App: mobile technology applied to improve Forest Safety	-	-	-	30,500
Who will pay for urban forest climate regulation services?	-	121	121	-
Regeneration and early growth for MOSES -GB- Forest Research - Cancelled	(1,875)	(1,875)	(3,750)	-
Ownership effects on benefits from woodland expansion - FR/UoE - Cancelled	(500)	(500)	(1,000)	-
Improving outcomes in montane woodland restoration	3,000	3,000	6,000	-
Addressing uncertainty to improve urban tree management – Southampton University	8,979	8,979	17,958	-
A century in forestry - Syd House	-	1,500	1,500	-
Wild service tree provenance trial	-	9,960	9,960	-
Untapped provenances of SS	-	14,814	14,814	-
Confor research priorities	-	2,700	2,700	-
Genetic diversity in juniper	13,626	13,626	27,252	-
Securing good quality acorn supply in the UK	5,000	5,000	10,000	-
	<u>(10,770)</u>	<u>56,625</u>	<u>45,855</u>	<u>138,128</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 2020

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 £	2020 Total £	2019 Total £
Employment costs	1,993	2,989	14,945	19,927	20,731
Office costs	519	778	3,889	5,186	6,157
Trustees' expenses & meeting costs	128	193	963	1,284	1,599
Payroll	76	113	567	756	335
Bank charges	8	12	58	78	84
Governance costs					
Audit fee	-	790	2,369	3,159	2,940
	<u>2,724</u>	<u>4,875</u>	<u>22,791</u>	<u>30,390</u>	<u>31,846</u>

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

7. Staff costs

	2020 £	2019 £
Director's salary	<u>19,927</u>	<u>20,731</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 totalling £1,284 (2019: £1,479). These expenses were incurred in respect of travel and subsistence while attending Trustees' meetings.

No employee received emoluments over £60,000.

Total remuneration paid to key management personnel in the year was £19,927 (2019: £20,731).

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2020

8. Fixed Assets

	Office Equipment £
Cost	
At 1 April 2019	1,198
Disposals	(1,198)
At 31 March 2020	-
Depreciation	
At 1 April 2019	1,198
Depreciation on disposals	(1,198)
At 31 March 2020	-
Net Book Value	
At 31 March 2019 and 31 March 2020	-

9. Investments

	2020 £	2019 £
Market value at 1 April	2,886,211	2,785,861
Additions at cost	49,375	381,266
Disposal proceeds	(49,761)	(418,735)
Net gains/(losses) on investments	(315,734)	137,819
Market value at 31 March	<u>2,570,091</u>	<u>2,886,211</u>
Historical cost at 31 March	<u>2,198,801</u>	<u>2,216,761</u>
Investments at 31 March 2020 representing over 5% of portfolio value:		
JP Morgan US Equity Income K – Net Income	<u>157,462</u>	<u>173,365</u>

All investments are carried at their market value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

As the main source of income to the Trust, the investment portfolio is key to the ongoing financial sustainability of the Trust as set out in the financial review, investment policy and risk management sections of the Trustees' Report.

The main risk to the Trust from financial instruments lies in the combination of uncertain investment markets and volatility to yield. The Trust is reliant on dividend yield to fund its grant-making activities and this leads to a high exposure to the equity markets, not only in the UK but also overseas. However, the Trust holds relatively few overseas investments therefore limiting its exposure to exchange rate risk when converting holdings into sterling. Liquidity risk is anticipated to be low as all assets are traded in markets with good liquidity and high trading volumes and this is expected to continue.

The Trust manages these investment risks by retaining expert advisors and monitoring investment performance. The investment policy is reviewed annually to ensure the correct balance is maintained between dividend yield and capital growth to protect the real value of the portfolio in the longer term.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2020

10. Bank	2020	2019
	£	£
Operating accounts	258,483	292,469
Capital accounts with investment manager	34,414	45,820
	<u>292,897</u>	<u>338,289</u>

11. Debtors	2020	2019
	£	£
Accrued income	<u>7,693</u>	<u>10,643</u>

12. Creditors due within one year	2020	2019
	£	£
Other creditors	131,264	161,311
Accruals	8,281	7,767
	<u>139,545</u>	<u>169,078</u>

13. Creditors due after more than one year	2020	2019
	£	£
Other creditors	<u>67,710</u>	<u>93,871</u>

Included within other creditors in notes 12 and 13 are grants which have been approved but not paid at the year end. Committed grants fall due to be paid as follows:

	2020	2019
	£	£
Due within one year	131,264	160,801
Due between one and two years	36,834	61,586
Due between two and five years	30,876	32,285
	<u>198,974</u>	<u>254,672</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2020

14. Movement in Funds

	Balances at 1 Apr 2019 £	Incoming Resources £	Outgoing Resources £	Investment gains £	Balances at 31 Mar 2020 £
Restricted funds					
Bursary Award Scheme	21,903	-	10,770	-	32,673
Tilhill/QBE Fund	48,232	-	-	-	48,232
Unrestricted funds					
Revenue fund	(63,118)	102,698	(106,502)	-	(66,922)
Capital fund	2,965,177	-	-	(315,734)	2,649,443
	<u>2,972,194</u>	<u>102,698</u>	<u>(95,732)</u>	<u>(315,734)</u>	<u>2,663,426</u>

Restricted funds include a grant received from the Forestry Commission to be used to assist with funding The Bursary Award Scheme, and donations from Tilhill/QBE for assisting projects that research reducing risks in forestry establishment and management.

The deficit on the Revenue Fund will be met out of unrestricted incoming resources receivable in the year to 31 March 2021.

2019	Balances at 1 Apr 2018 £	Incoming Resources £	Outgoing Resources £	Investment losses £	Balances at 31 Mar 2019 £
Restricted funds					
Bursary Award Scheme	72,903	-	(51,000)	-	21,903
Tilhill/QBE Fund	52,232	-	(4,000)	-	48,232
Unrestricted funds					
Revenue fund	(39,689)	108,971	(132,400)	-	(63,118)
Capital fund	2,827,358	-	-	137,819	2,965,177
	<u>2,912,804</u>	<u>108,971</u>	<u>(187,400)</u>	<u>137,819</u>	<u>2,972,194</u>

15. Analysis of Net Assets between funds

	Restricted Funds £	Revenue Fund £	Capital Fund £	Total £
Investments	-	-	2,570,091	2,570,091
Current assets	152,265	68,973	79,352	300,590
Current liabilities	(38,897)	(100,648)	-	(139,545)
Liabilities due after more than one year	(32,463)	(35,247)	-	(67,710)
Total net assets	<u>80,905</u>	<u>(66,922)</u>	<u>2,649,443</u>	<u>2,663,426</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2020

15. Analysis of Net Assets between funds (Contd.)

2019

	Restricted Funds £	Revenue Fund £	Capital Fund £	Total £
Investments	-	-	2,886,211	2,886,211
Current assets	168,291	101,675	78,966	348,932
Current liabilities	(52,461)	(116,617)	-	(169,078)
Liabilities due after more than one year	(45,695)	(48,176)	-	(93,871)
Total net assets	<u>70,135</u>	<u>(63,118)</u>	<u>2,965,177</u>	<u>2,967,438</u>

16. Related party transactions

The Trust rents office accommodation and receives administrative support from the Confederation of Forest Industries (UK) Limited (ConFor) in accordance with an agreement dated 7 October 2008 and 1 July 2010. Ralland Browne is a member of the Board of Directors of ConFor. The Trust paid office rent of £2,470 (2019: £2,840) and administrative support costs of £1,858 (2019: £1,212).

There were no grants authorized during the year that were considered a related party transaction.

17. Subsequent events

In March 2020, global and domestic markets were impacted by the Covid-19 pandemic and as such, values of investment portfolios fell significantly, as did the payment of dividends. As the Trust determines the amount of grants paid out by the performance of investments and the Trust has cash in hand, it is expected that there will be little overall impact on activities.

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



Opinion

We have audited the financial statements of The Scottish Forestry Trust (the 'charity') for the year ended 31 March 2020, which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2020 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Report of the Trustees 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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of financial statements, which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Chiene + Tait LLP

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

14 December 2020

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