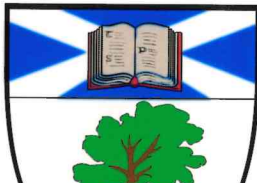


THE SCOTTISH FORESTRY TRUST



**THE
SCOTTISH FORESTRY
TRUST**



**ANNUAL REPORT
1994-95**

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THE SCOTTISH FORESTRY TRUST AND ITS OBJECTIVES

The Scottish Forestry Trust is a charitable trust established in 1983 to promote education, training and research in forestry and silviculture.

The Trustees have determined that, for the time being, the Trust's major contribution should be towards funding research projects, although, as opportunities arise, educational and training projects are also supported. A small proportion of the budget is set aside for publications and travel.

The Trust's primary objective is to support private sector forestry by contributing to the scientific, technical and economic information it requires to enable it to develop its role in U.K. forestry. Forestry is defined as the forestry industry as a whole, including its contribution to landscape, recreation, wildlife and the environment.

Projects in all of the sciences which bear upon forestry are supported by the Trust. High priority is given to proposals which address industry needs related to policy formation and execution, and to broad management questions. In general terms preference is given to studies of a more applied nature where the benefits are more immediately available to the industry. Notwithstanding that, fundamental work, whose potential to resolve outstanding problems, or reveal new opportunities and possibilities is thought to be high, is also supported.

TRUSTEES 1994 - 1995

Chairman

The Hon J.M.G. Galbraith, C.B.E.
A. Bloomfield, O.B.E.(from 1/2/95)
T.A. Bruce Jones (to 31/12/94)
R. Craig Campbell
Capt. W.F.E. Forbes
A.N.G. Laing
Professor H.G. Miller (to 31/12/94)
Sir David Landale, K.C.V.O. (from 1/1/95)
Dr J.D.A. Williamson (to 31/12/94)
Dr D.A. Rook
Dr D.C. Malcolm, O.B.E.
Dr A.J. Petty (from 1/1/95)

STAFF

Director
Director's Secretary

John Eadie, B.Sc. (Hons), F.R.Ag.S.
Mrs Claire Hadley

LEGAL ADVISER

Douglas Hunter,
Henderson Boyd Jackson, W.S.
19 Ainslie Place
Edinburgh, EH3 6AU

INVESTMENT MANAGEMENT

Stewart Ivory & Co. Ltd.,
45 Charlotte Square,
Edinburgh, EH2 4HW

ACCOUNTANTS

Brown, Campbell and Company,
16 Great Stuart Street,
Edinburgh.

REGISTERED OFFICE

5 Dublin Street Lane South,
Edinburgh, EH1 3PX
Tel: 0131 538 7111

ACKNOWLEDGEMENTS

The Chairman and Trustees wish to acknowledge with gratitude the generosity of those who responded to an appeal for funds made by the Chairman during the year, as follows:

£5000 and over	Buccleuch Estates BSW Timber plc
£1000 to £5000	Dava Enterprises (Lord Seafield) The Englefield Charitable Trust The Gargunock Estate Trust James Jones & Sons Shotton Paper Co.
£100 to £1000	Ewen J Brodie Callendar Charitable Trust John Clegg & Co Iggesund Paperboard (Workington) Ltd Lord Ralph Percy The Salisbury Trusts (Lord Cranborne) Mr & Mrs Ninian Sanders Trustees for Viscount Stormont Sutherland Estates

The Trustees also thank the J. S. Greenwood Trust for a contribution of £100 towards the work of the Scottish Forestry Trust.

CHAIRMAN'S FOREWORD

The spectrum of the Trust's interests, and the range of forestry's needs for new knowledge are both well reflected in the work completed in the year under review.

The capercaillie study explored and proved correct a rather unexpected observation made by one of the Institute of Terrestrial Ecology's scientists that the bird, once again under threat, might use Sitka spruce to a much greater extent than had hitherto been thought.

The work on wood density in Sitka spruce makes an important contribution to understanding the causes of the variations in density which influence breaking strength elasticity and shrinkage. The conclusions indicate that it may be possible to select for higher density timber without necessarily sacrificing growth rate, and to make that selection at an early stage of tree growth, because a direct relationship was not demonstrated between density and growth rate.

The development by an FICGB study team of a system to identify the extent location and type of land likely to be available for profitable transfer from farming to forestry has broken important new ground. The report highlights the interactive nature of the farming, forestry and environmental issues involved, which has to be recognised in setting a national agenda for action.

It should be noted that of these three pieces of work two were carried out by teams located south of the Border, and both deal with matters of UK-wide concern. As I prepare to retire as Chairman of the Trust and hand over my responsibilities to my successor the point seems to me to be worth emphasising.

As one of the founding Trustees I can reflect with some gratification on the extent to which the intentions and aspirations of the original Trustees have been fulfilled. I can confirm that one of their principal aims was to provide the Trust with a UK-wide remit, consistent with the nature of forestry and the structure of a highly integrated forestry industry, to which the Border is irrelevant.

The inclusion of the word "Scottish" in the Trust's title, very properly and appropriately, recognises the Scottish basis of the Trust's foundation. It does however appear to the Trustees and myself to have encouraged the perception of the Trust furth of Scotland as a body whose concerns are mainly regional, if not even parochial. Nothing could be farther from the truth.

Readers will perhaps allow me to perform my last official service to the Trust by drawing their attention to the record of work published in this Report which I believe justifies the Trust's claim to serve the industry on a UK-wide basis. Indeed some of the research work supported by the Trust over the years and reported in the international forestry literature will have influence in Europe and beyond.

During the year a personal appeal was made by me to a limited number of supporters. I am most grateful for the resulting additions to the capital fund reported in the accounts.

I commend the work of the Trust to all who are interested in the development and well-being of British forestry.

J. M. G. Galbraith

PROJECTS SUMMARY

CURRENT PROJECTS

1 Ecological Site Classification for British Woodlands (Forestry Authority, Research Division and IERM, Edinburgh University)

The Forestry Authority Research Division is currently developing an ecological site classification system for use in British forest management. This project aims to contribute to the system's development by filling a gap in knowledge about soil quality in forestry. It will also provide a means by which non-specialists will be able to recognise classes of soil quality in the field.

The work will examine the propositions that a number of distinct classes of soil nutrient availability can be defined by soil analysis and that ground vegetation can be used to identify these classes in the field; and that classes of nutrient availability are linked to the occurrence of National Vegetation Classification woodland plant sub-communities. Studies will also be made of relationships between site variables and the yield of tree species.

About 100 mature forest stands, including both conifers and broadleaves, will be sampled throughout Britain.

2 Socio-Economic Factors Influencing the Decision to Market Timber in the Private Sector (TGA)

The project forms part of a larger study of roundwood marketing. About 1.3m hectares of woodlands in Britain are privately owned by around 50,000 people. The marketing of roundwood in the private sector is both fragmented and complex. There are few reliable statistics, and little factual information on the factors which influence decisions to sell the timber, the methods used and their impact on timber supplies.

The central objectives of the project are to identify, investigate, and evaluate the socio-economic factors that influence private woodland owners' decisions to market coniferous and broadleaved roundwood, to determine their relative importance, and to consider the implications for the future evolution of the forestry industry.

The approach is to identify and classify those involved in making marketing decisions, and within that framework to describe the structure of the industry and characterise its segments in terms relevant to the inquiry. A stratified sampling regime will then be developed, from which a sample of perhaps around 750 people will be sent questionnaires, following pilot-testing.

The questionnaire will seek information on the factors influencing decisions to market timber and related matters, and will be followed up by a mix of personal and telephone interviews. The results will be analysed and a report prepared, which will later be integrated into the larger review of roundwood marketing, to be carried out by the same experienced team. It is hoped that the study will help to significantly improve the private sector wood production forecast and give indications of what needs to be done to strengthen the marketing of timber by the private sector.

3 The Effect of Nursing Mixtures on Stem Form, Crown Size and Wood Quality of Sitka Spruce (Department of Forestry, University of Aberdeen)

The deliberate planting of mixtures of tree species, for nutritional reasons on nitrogen deficient sites or for landscaping purposes, is a relatively recent practice. Preliminary work at Aberdeen has demonstrated effects on canopy symmetry and stem form of Sitka spruce of "nurse" species which suggest the possibility that the "nursing" effect may compromise quality in spruce logs. Given the fact that large areas of Sitka spruce have been and continue to be established using nursing species it is clear that a better understanding of the practice on stem form and wood quality is required.

The preliminary evidence suggests that the influence of the "nurse" may vary as between "nurse" species. The study will include Japanese larch, Scots pine and lodgepole pine. The work will be concentrated on stands of around 30 years of age, and will distinguish between trees growing on interfacing edges with "nurse" species and those interior to the block. In addition to the usual information on stocking density, basal area, yield class and standing volume, logs will be cut from felled trees to measure branching and knot area in relation to stem orientation with respect to "nurse" trees. Discs removed from sample logs will be used to calculate historical patterns of height and diameter growth to reveal competition effects and responses to them. Further samples from the logs will be used to assess wood density grain angle and the presence and quantity of reaction wood.

The results will be evaluated in terms of wood quality and volume output of sawlogs and related to current practices in the use of "nurse" species.

4 Fungal Spoilage of Kiln Dried Softwood in Scottish Sawmills (Department of Forestry, University of Aberdeen)

The threat of introduction of the pine wood nematode has led to an E.U. directive requiring that softwoods from North America must be kiln dried before export to Europe. European sawmills have responded by installing kilns to ensure that softwood is of more uniform quality regardless of country of origin. Unfortunately it has been noted by several Scottish sawmilling companies that a black discoloration due to a fungal mycelium can occur on kiln dried timbers, reducing their value and making them more difficult to sell.

The objectives of the work include a survey to establish how widespread the problem is, to assess the amounts of timber affected, and the losses in revenue involved. Site visits to sawmills will also be undertaken to collect information on sawmill practices which affect the extent of spoilage and to attempt to relate such factors as moisture content, kiln temperatures sources of timber and timber storage practices to the amounts of fungal growth measured.

Parallel work in the laboratory will attempt to relate factors affecting the growth of spoilage fungi to the characteristics of the kiln drying process and those of kiln-dried wood. It is, for example, suspected that the higher levels of free sugars in kiln dried timber may have some part to play, and the conditions required for growth of spoilage agents on wood will be determined.

The effects on spoilage are predominantly related to visual characteristics but the possibility that there may be deterioration in the strength of the infected wood will be examined by means of standard strength tests and, if necessary, static bending tests in the laboratory.

5 Tolerance of Scots Pine Populations to Low Root Temperatures (Forestry Authority, Research Division)

The use of cold stores to hold plants between lifting and planting is becoming increasingly common. Earlier studies had indicated that the root system is much less frost hardy than the shoot and that plant survival is more closely correlated to the deterioration of the root system during cold storage than to that of the shoot. There is evidence that two-year-old Scots pine is much less tolerant of low temperatures than Sitka spruce and Japanese larch, and that some provenances show little capacity to develop frost hardiness.

In view of the expansion in native pine planting it is important to examine differences among populations in root frost hardiness, with a view to identifying appropriate populations for use at higher altitudes, appropriate storage regimes, and management requirements for increased regeneration in areas of native pine.

Plants from around nine sources of seed, including native Scots pine from exclusion zones will be studied. They will be lifted over a range of dates, cooled in a freezing cabinet, subjected to electrolyte leakage tests and potted up and grown to assess survival. Parallel studies will compare seasonal patterns of root growth.

In addition, in an attempt to relate the results of root frost hardiness to naturally - occurring frosts, the relationship between short exposures to severe temperatures and longer exposure to more moderate temperatures will be examined.

WORK COMPLETED IN THE CURRENT YEAR

1 Habitat and Diet of Capercaillie in a Commercial Plantation in Central Scotland (I.T.E. Banchory)

Capercaillie (*Tetrao urogallus*) was successfully reintroduced to Scotland in 1837-38. The bird is once again endangered and its future is a matter of widespread concern. The densest populations usually occur in forests dominated by Scots pine. The needles of that species provide the bird's main winter food and in the associated ground flora, blaeberry (*Vaccinium myrtillus*) is a key component of the summer habitat.

The study described in this report was undertaken to pursue a preliminary finding that capercaillie in Scotland may eat Sitka spruce in winter. Most new forests in Scotland are now dominated by Sitka spruce and understanding how the birds live in such places was thought to be helpful in making recommendations for managing commercial plantations so that they can support capercaillie.

The study site comprises four woods on a ridge. Half of the woodland area is Sitka spruce with larch. Norway spruce and Scots pine are also important with a good mix of age classes. Blaeberry is scarce, the gleyed soils supporting a ground vegetation in which sedges are frequent. The work concentrated on adult birds. These were trapped, fitted with radio transmitters and subsequently located on a weekly basis. Droppings from known birds were collected and analysed. Maps of bird locations were prepared.

Sitka spruce was found to be the main item of diet in autumn, winter and spring. Larch was the second most abundant item in spring and autumn. Scots pine comprised about a quarter of winter droppings but was little used at other times.

Blaeberry was scarce and little eaten but 40% of the summer diet was found to be the fruiting heads of sedges and rushes. Sedges may therefore provide a partial substitute for blaeberry in summer.

The birds showed a clear preference for the oldest blocks and among the management recommendations it is suggested that mature stands over 45 years and recently established stands (i.e. under 8-10 years) should each occupy at least 20% of the forest, larch 15% and blocks of mixed conifers at least 10%. The data on home ranges suggest that these criteria should be fulfilled in each block of 50ha.

It remains to be seen whether the study environment provides an adequate habitat for capercaillie chicks. But the work confirms that adult capercaillie can survive on a diet largely of Sitka spruce, leading to the possibility of modifying the management of Sitka spruce dominated plantations for the benefit of capercaillie.

2 Control of Variation of Density in Sitka Spruce (School of Agriculture and Forest Sciences, Bangor)

Sitka spruce from UK plantations is generally regarded as being marginally acceptable for construction grade timber. It tends to be light in weight and coarse in texture. Wood density in Sitka has been shown to vary considerably, and these variations in density influence critical strength properties such as breaking strength, elasticity and shrinkage.

The work described in the report was aimed at understanding the underlying causes of variation in wood density. In particular the silvicultural control of Sitka spruce strength properties needs to be put on a sounder quantitative basis.

The work extended earlier work on seven stands of Sitka spruce from three contrasting sites in Mid and North Wales. Trees were selected for examination from within different thinning regimes and spacings.

Breast height discs were chosen from all selected trees. These were supplemented by two further discs (at 30% and 60% of tree height) for density variation with height studies. Ring width, density and cell

dimension measurements were made, and the report presents and analyses the mass of data which was collected in the course of the work.

Previous investigations in Sitka spruce have noted that tree density was inversely correlated with growth rate. However, this study indicates that density was less closely correlated with ring width than with tracheid dimensions. This is presumably because ring width varies with cell numbers as well as cell diameter, and these two parameters are to some extent interdependent.

Trees on a site with low growth rate had a relatively high density in the juvenile wood associated with tracheid wall thickness, and the rate of increase in tracheid diameter from the pith. In the mature wood, density also tended to decrease with increased growth rate associated with wider tracheid diameter and narrower wall thickness. The observation that mature wood density varied between some stands with a similar ring width, these differences being associated with the rate of increase in wall thickness across each growth ring rather than differences in tracheid diameter, suggests that density may be influenced by silvicultural management independent of growth rate.

Between trees, the evidence that density is more closely associated with tracheid dimensions than with ring width, leads to the important conclusion that it should be possible to select for higher density, without necessarily sacrificing growth rate. Since the differences in tracheid dimensions were found to be consistent through juvenile and mature wood in some trees, and throughout each growth ring, it should be possible to make this selection at an early stage of tree growth.

3 The Future Location of Forestry in England and Wales, with Especial Attention to the Transfer of Lowland Agricultural Land (FICGB)

A report entitled "The Potential for Extending Forest Cover in the Lowlands of England and Wales" used as a discussion document, was produced by the FICGB study team in November 1994.

The work was aimed at developing a system to identify, at a national level, the extent, location and type of land likely to be available for profitable transfer from farming to forestry. Hopefully, it would be possible to indicate the strength of economic pressures for change, and to identify the nature of the forestry and environmental issues with which policy makers would have to contend, both nationally and regionally.

The study was based on the Institute of Terrestrial Ecology's land classification system and land use database. The classification identifies 32 classes, and, in each, sample kilometre squares have been examined in detail. The study extended the nature of the agricultural and forestry data by field survey of agricultural uses and the determination of the most appropriate forest crops. Whilst the approach to economic comparisons of the two activities was rather broad brush, the methodology is capable of accommodating a range of assumptions and more refined data as it becomes available. The limitations and possible improvements are indicated and discussed.

The results of the analysis indicate areas in which the economic pressures lean in the direction of change to forestry. These are suggested to amount to some 3% of the total area of England and Wales, but there is considerable regional variation. The analysis can be rerun to examine the consequences to these estimates of the strength of the economic pressures as measured by the extent to which forestry margins exceed agricultural margins. They also indicate the potential importance to the area of farmland which could be transferred to forestry depending on whether forestry work would be undertaken by farmers themselves or contracted out.

Tree species vary in their site preferences, implying regional variation in the types of forest created. The predictions thus have significance in timber production and environmental terms. Analyses were carried out on the implications of different assumptions about the types of forestry to be practised, from plantings which maximise grants, to productive conifers. The whole question of environmental and social gain from tree-planting is considered in one section of the report. It is pointed out that those areas most likely to experience forestry development are not necessarily those perceived to be in most need of additional woodland, underlining the importance of identifying

whether economic pressures for change coincide or are at variance with environmental objectives and social aspirations. The analysis indicates that the variety of impacts of new planting is so great as to render unsatisfactory either blanket national environmental guidelines or individual frameworks aligned to county boundaries. The case for a new dynamic approach guided by a form of analysis similar to that described in the report is advanced.

COMPLETED WORK

1 An Investigation into the Influence of Site Quality on the Productivity of a Range of Major Tree Species (MLURI and FC)

A report on work on the productivity of Douglas fir, Japanese larch and Scots pine on better quality sites. Site/yield models allowing the prediction of General Yield Class are presented. The report is available from the Trust.

2 Net Carbon Dioxide Uptake of Scottish Forests (Institute of Ecology and Resource Management, University of Edinburgh)

The study describes the development and testing of a system for the measurement of carbon dioxide exchange by forest stands. The development is a response to the need to predict how forestry's contribution to the removal of atmospheric carbon will change as the UK's forests mature.

A report is available from the Trust.

3 Molecular Methods for the Detection and Identification of *Heterobasidion annosum* (1993) (Dundee Institute of Technology (now University of Abertay) Dundee)

A study of immunology methods in live trees and harvested wood. A report summarising the progress made is available from the Trust.

4 Private Forestry Policy in Western Europe (1993) (Author A. J. Grayson)

The implementation of policy and the role of financial incentives in Britain, western Europe and some other countries including Australia

and Russia is discussed against the background of descriptions of the historical and social context of forestry, its legislative, policy and administrative framework, and the taxation and grants regimes employed in the individual countries.

Copies of the book are available from the publisher, CAB International, Wallingford, Oxon, OX10 8DE.

5 The Development of a Transformation from Uniform Plantations to an Irregularly Structured Forest (1992) (Institute of Ecology and Resource Management, University of Edinburgh)

An enumeration survey 40 years into a 60-year transformation from uniform plantations to an all-aged forest of mixed species on an upland site at Glentress in the Tweed Valley. A report is available.

6 The Mechanism of Increased Nitrogen Uptake by Spruce in Mixed Species Stands (1992) (Department of Plant and Soil Science, University of Aberdeen)

A study of the mechanisms by which the "extra" nitrogen which results in improved growth of spruce when grown in mixture with Scots pine, lodgepole pine or larch on poor peats and heathlands becomes available. A report is available.

7 "Shake" in Oak (1992)

A study of the defect, including the relationships of oak leaf flushing and autumn shedding to early wood vessel size and a predisposition to "shake", the role of mechanical stresses in the condition, and an evaluation of its economic consequences. A report is available.

8 Survey of Squirrels in Britain (1992) (Timber Growers United Kingdom)

The results of a questionnaire distributed among private woodland

owners to determine the current status of both the red and grey squirrels, grey squirrel control, and grey squirrel damage, designed to be complementary to the Forestry Commission's Annual Squirrel Survey of its forests, and to be combined with it to obtain a more comprehensive assessment than has hitherto been possible. A report is available from TGUK, now TGA.

9 The Commercial Potential of Birch in Scotland (1991) (The Forestry Industry Committee of Great Britain)

Funded in association with the Countryside Commission for Scotland, the Forestry Commission and Highlands and Islands Enterprise.

An investigation, made by commissioning a collection of essays, into the potential economic, silvicultural and ecological benefits of native birch in Scotland. A symposium based on the material in the essays was held in May 1991.

Copies of the collection of essays are available, price £5, from the Trust and from the Forestry Industry Committee of Great Britain.

10 The Ecology of the Great Spruce Bark Beetle (*Dendroctonus micans*) and its Predator, *Rhizophagus grandis* (1991) (Forestry Commission)

Work, contributing to a wider Forestry Commission programme on the development of a monitoring system for *R. grandis* and on the nature of tree resistance to attack by *D. micans*. A report is available.

11 Development of a Computer Programme for Forecasting Conifer Wood Production in the United Kingdom (1991) (Forestry Industry Committee of Great Britain)

A study whose end point is a computer programme able to assess the impact of different planting rates on future wood supplies, capable of accommodating differences in species growth rates, treatments and

rotation lengths, and of differentiating wood production into a range of top end diameter size classes.

12 The Forestry Industry and the Greenhouse effect (1991) (Dept. of Economics, University College London)

A study of the economic aspects of the role of forestry in addressing the greenhouse effect, which links policies aimed at reducing carbon accumulations with those concerned to reduce carbon emissions, and which develops the principles on which carbon taxes and credits might be based. Some preliminary estimates are made of both taxes and credits.

A published report is available.

13 Designated Areas in Scotland (1991)

A publication which includes descriptive accounts of the main designated areas in Scotland together with maps of their locations at a scale of 1:750,000.

The publication is available for purchase, price £7.95, from the Scottish Forestry Trust.

14 Yield Class and Windthrow Hazard Characteristics of Forestry in the Grampian Region (1990) (Macaulay Land Use Research Institute)

A study of the use of predictive models developed at M.L.U.R.I. in the production of information on the forestry potential of the region, and presented in the form of maps of yield class and windthrow hazard. A report discusses the methods and provides a commentary on the maps.

15 The Influence of Wide Spacing of Trees on the Interception of Radiation and the Growth of Trees and Pasture (1990) (Department of Forestry and Natural Resources, (now IERM), University of Edinburgh).

A study of light interception by the tree canopy and by pasture grasses, and its relationship to the growth of both components when combined in agroforestry systems.

16 The Impact of Forestry on Output and Employment in the United Kingdom and its Member Countries (1989) (Fraser of Allander Institute, with additional survey material compiled by the Department of Forestry and Natural Resources, University of Edinburgh)

Funded in association with the Forestry Commission and FIGGB. The first comprehensive estimate of the impact of forestry on output and employment on the aggregate U.K. economy and those of its member countries. A publication is available.

17 Production Forecasting for Private Sector Scottish Forestry (1988) (Forestry Department, University of Aberdeen)

A survey of the private sector growing stock in Scotland, for the purpose of exploring the apparent discrepancies between the national production forecast produced by the Forestry Commission and estimated actual production by the private sector.

A report is available.

18 Current Knowledge and Perceptions of Forestry (1988) (Valin Pollen Ltd and Consensus Research)

A study which identifies forestry's key audiences, their current knowledge and perceptions of the forestry industry, outlines the way in

which the communications chain operates to influence opinion and makes recommendations about a more effective communications strategy.

A report is available.

19 The Economic Effects of the "Guidelines for the Management of Broad-leaved Woodland" (1987) (Timber Growers United Kingdom)

A study of the economic impact of the Forestry Commission's Broadleaved Policy, introduced in 1985 based on an analysis of the changes in profitability of five major broadleaved species, based on data from sample estates throughout Britain, brought about by the guidelines of the policy.

A report is available.

20 Stirling Forestry Employment Study (1987) (Firn Crichton Roberts, Ltd)

Funded jointly with Stirling District Council, and the Scottish Development Agency.

An analysis of employment in the forestry industry in the Stirling District.

A report is available.

SCOTTISH FORESTRY TRUST

ANNUAL ACCOUNTS FOR THE YEAR TO 31st MARCH 1995

Statement of Trustee's Responsibilities for Financial Statements

Charities legislation requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the charity as at the end of the financial year and its income and expenditure for the year ended on that date. In preparing those financial statements suitable accounting policies have been used, framed to the best of Trustees' knowledge and belief, by reference to reasonable and proven judgements and estimates and applied consistently. Applicable accounting standards have been followed. The Trustees are also required to make disclosure where the financial statements have been prepared other than on the basis that the charity is a going concern.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with charities legislation. 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 SCOTTISH FORESTRY TRUST

AUDITORS' REPORT TO THE TRUSTEES OF THE SCOTTISH FORESTRY TRUST

We have audited the financial statements on pages ii to vi which have been prepared under the accounting policies set out on page iv.

Respective Responsibilities of the Trustees and Auditors

As described in the Trustees' Report, the Trustees are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements, and to report our opinion to you. It is also our responsibility to state the fact in our report if we are of the opinion that the Trust has not maintained a satisfactory system of control over its transactions.

Basis of Opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether accounting policies are appropriate to the Trust's circumstances, consistently applied, and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements, give a true and fair view of the state of the Trust's affairs at 31 March 1995 and of its surplus for the year then ended and comply with the requirements of the Trust Deed under which the Trust was formed and the Charities Accounts (Scotland) Regulations 1992.

Brown, Campbell & Company,
Chartered Accountants and Registered Auditor
16 Great Stuart Street, Edinburgh EH3 7TN
June 1995

THE SCOTTISH FORESTRY TRUST

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR TO 31 MARCH 1995

			1995	1994
INCOME	Notes	£	£	£
Dividends			90,804	87,076
Interest on Deposits			9,386	11,352
Publication Sales			—	56
Donation			24,200	—
			<u>124,390</u>	<u>98,484</u>
OPERATING EXPENSES				
Grants, and Other				
Charitable Expenditure	2	88,002		77,961
Salaries and Expenses	9	19,050		17,830
Travelling Expenses	8	181		992
Office Costs and Sundries		3,982		5,347
Professional Fees	10	2,702		2,924
Investment Management Costs		11,792		11,814
			<u>125,709</u>	<u>116,868</u>
(Deficit) on Operations			(1,319)	(18,384)
Profit/(Loss)/Gain on Disposal of Investments			45,176	(40,286)
Transfer to Capital Reserve	5		(24,100)	—
Surplus/(Deficit) for the Year			<u>19,757</u>	<u>(58,670)</u>

The Notes on pages iv to vi form part of these Accounts.

THE SCOTTISH FORESTRY TRUST

BALANCE SHEET AS AT 31 MARCH 1995

	Notes	1995	1994
		£	£
INVESTMENTS at Cost	3	1,397,319	1,351,710
CURRENT ASSETS			
Debtors	4	3,693	3,097
Royal Bank of Scotland			
Premium Account		22,891	14,084
Bank of Scotland			
Income and Capital Accounts		<u>145,083</u>	<u>156,558</u>
		171,667	173,739
CREDITORS:			
Amounts falling due within One Year	5	6,628	6,948
		<u>165,039</u>	<u>166,791</u>
		<u>1,562,358</u>	<u>1,518,501</u>
Represented by:			
Revenue Surplus brought forward		30,923	89,593
(Deficit)/Surplus for year		(19,757)	(58,670)
		<u>50,680</u>	<u>30,923</u>
Capital Reserve		<u>1,511,678</u>	<u>1,487,578</u>
		<u>1,562,358</u>	<u>1,518,501</u>

Approved by the Trustees
and signed on their behalf by

..... J. M. G. GALBRAITHChairman

..... R. CRAIG CAMPBELLTrustee

The Notes on pages iv to vi form part of these Accounts.

THE SCOTTISH FORESTRY TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1995

1. ACCOUNTING POLICIES

- (i) The Accounts have been prepared under the historical cost convention.
- (ii) Investment Income is shown gross with the recoverable Income Tax treated as a Debtor until repayment is received from the Inland Revenue.
- (iii) The Scottish Forestry Trust funds are held to promote education, training and research in forestry and silviculture.
- (iv) The Trust has one 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.

2. GRANTS, DONATIONS AND

OTHER CHARITABLE EXPENDITURE

	1995	1994
	£	£
Fungal Spoilage of Kiln Dried Soft Wood	12,195	6,605
Control of Variation in Density in Sitka Spruce	12,277	-
Contribution to RSFS Forestry Video	2,500	-
Tolerance of Scots Pine Populations to		
Low Root Temperatures	6,812	4,000
Carbon Dioxide Uptake of Scottish Forests	-	9,314
Site Quality and Productivity of a Range of Tree Species	-	17,000
Conservation of Scottish Forestry Soils	4,000	8,000
Nursing Mixtures on Stemform, Crown size and		
Wood Quality in Sitka Spruce	10,050	-
A Strategic review of Private Sector		
Roundwood Marketing	11,575	-
Ecological Site Classification for		
British Woodlands	13,310	-
Detection and Identification of		
<i>Heterobasidion annosum</i>	4,314	-
Capercaillie in Commercial Plantations	6,000	12,825
Future Location of Forestry	-	10,000
Timber Growers Award Sponsorship		
(Dulverton Flagon)	-	6,000
Printing and Distribution Costs - Annual Reports,		
Royal Highland Show etc	4,969	4,217
	<u>88,002</u>	<u>77,961</u>

THE SCOTTISH FORESTRY TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1995

3. INVESTMENTS

	1995	1994
	£	£
Cost at 31 March 1994	1,351,710	1,364,961
Additions	304,561	179,535
Disposals	(258,952)	(192,786)
Cost at 31 March 1995	<u>1,397,319</u>	<u>1,351,710</u>
Listed Investments, dealt on a recognised Stock Exchange	<u>1,397,319</u>	<u>1,351,710</u>
Valuation:		
Listed Investments - Market Value	<u>1,793,924</u>	<u>1,889,864</u>

The market valuation of stocks and shares is prepared by Stewart Ivory & Co., Limited.

4. DEBTORS

Tax suffered on Investments	2,307	1,677
Accrued Interest	1,386	1,420
	<u>3,693</u>	<u>3,097</u>

5. CAPITAL RESERVES

Balance at 31 March 1994	1,487,578
Transfer in year	24,100
Balance at 31 March 1995	<u>1,511,678</u>

During the year, the Chairman launched an appeal for capital funds and by the year end the total received including recovered income tax was £24,100. The Trustees consider these to be 'designated funds' and accordingly they are transferred to the Capital Reserve.

6. CREDITORS

Salaries and Expenses	1,233	1,653
Office Costs	915	915
Professional Fees	1,880	1,880
Investment Management Costs	2,600	2,500
	<u>6,628</u>	<u>6,948</u>

THE SCOTTISH FORESTRY TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1995

7. CONTINGENT LIABILITIES

The Trust has made commitments to pay grants totalling £52,785 over the next 12 months conditional on the research continuing and satisfactory reports on progress being received by the Trustees.

7. TRUSTEES' REMUNERATION ETC.

	1995	1994
	£	£
Reimbursed Expenses	181	992

8. SALARIES AND EXPENSES

Employee Salaries	16,300	15,071
Secretarial Services (supplied by Timber Growers (UK) Limited)	2,750	2,759
	19,050	17,830

The average number of employees during the year was	1	1
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9. PROFESSIONAL FEES

Auditors Remuneration – Audit Services	880	1,160
– Other Services	1,000	1,000
Legal and Other Professional Fees	822	764
	2,702	2,924

THE SCOTTISH FORESTRY TRUST
NEEDS YOUR HELP

Forestry, as a science-based industry must continue to seek new opportunities, resolve emerging problems, and find new ways of tackling longstanding ones. Also, in response to demands and pressures from within and outwith the industry, the wider information needs of forestry have continued to grow.

As a result the Trust is receiving an ever-increasing number of good, relevant applications far beyond the capability of its current resources to fund.

The Trustees believe that it is very much in the interest of a healthy and vital private sector that it should benefit from a financially strengthened Scottish Forestry Trust. **The Trust needs your help** in the form of donations of any size. Since the Trust is a charity Covenants from donors enable tax to be reclaimed by the Trust, thereby increasing the value of any gifts.

DEED OF COVENANT

(listed companies and other corporate bodies)

This Deed of Covenant is made theday of

..... 19..... between

(hereinafter called "the Donor Company") of the one part and the Scottish Forestry Trust (hereinafter called "the Trust") of the other part WITNESSETH that the Donor Company hereby covenants with the Trust that it will during the term of four years from the

.....day of19 pay

annually to the Trust on the day of

.....in each year for the benefit of the work of the Trust such a sum as will after deduction of Income Tax at the rate in force for the time being, leave in the hands of the Trust, the net sum of

..... (.....)

Please return to

The Scottish Forestry Trust
 5 Dublin Street Lane South
 Edinburgh EH1 3PX

For and on behalf of.....

(Director).....

(Director or Company Secretary).....



DEED OF COVENANT

(Individuals)

I,
of
hereby bind myself to pay annually to the Scottish Forestry Trust,
5 Dublin Street Lane South, Edinburgh, for the benefit of the general
work of the Trust for a period of four years from the
day of 19 or during my lifetime
whichever shall be the shorter such a sum as will after deduction of
Income Tax at the rate for the time being in force, amount to the sum
of per annum, beginning the first
payment on the 19 in
witness thereof those present are subscribed by me at
on the 19
write "adopted as holograph"
(see note (1))
Signature

Please return to

**The Scottish Forestry Trust,
5 Dublin Street Lane South, Edinburgh EH1 3PX**

Witness 1

Address

Occupation

Witness 2

Address

Occupation

Note(1) If the Deed of covenant is completed in Scotland and the
Subscriber writes "adopted as holograph" in his own handwriting;
no witnesses are required.

GIFT AID

Gift Aid is a Government tax concession which enables single gifts to
be made to charitable organisations like the Scottish Forestry Trust by
U.K. residents.

The gift must be accompanied by a certificate obtainable from the
Scottish Forestry Trust, 5 Dublin Street Lane South, Edinburgh EH1 3PX.