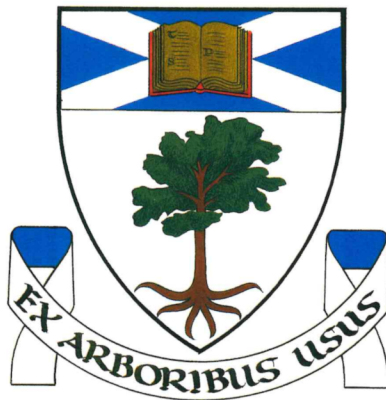


THE SCOTTISH FORESTRY TRUST



ANNUAL REPORT
2001 - 2002

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THE SCOTTISH FORESTRY TRUST AND ITS OBJECTIVES

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

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 may be supported. A small proportion of the budget is set aside for publications and travel.

The Trust's primary objective is to support forestry by contributing to the scientific, technical and economic information it requires to enable it to develop its role in UK forestry. "Forestry" is defined in the widest sense, and includes production and use of all forest products and its contribution to landscape, recreation, wildlife and the environment.

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

TRUSTEES, OFFICIALS and ADVISERS 2001-2002

TRUSTEES

Chairmen Sir D W N Landale KCVO (to 31/12/01)
Sir F M Strang Steel Bt, CBE (from 01/01/02)

Trustees Dr C M Cahalan*
J R Firn*
A Hart
J Kissock
W L Mason*
S A Neustein*
Dr J A Petty**
L L Yull

*Member, Projects and Research Committee

**Chairman, Projects and Research Committee

STAFF

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Director's Secretary Mrs Dorothy Keith (to 6th July 2001)
Mrs Elizabeth Hughson (from 1st October 2001)

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ACKNOWLEDGEMENTS

The Chairman and Trustees wish to acknowledge with gratitude the generosity of the following donor to the Trust's funds:

£100 to £1,000

Callendar Charitable Trust

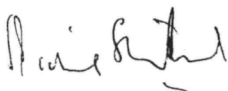
CHAIRMAN'S FOREWORD

The Trust is an independent body enjoying the advice of experienced Trustees and free of vested interests, and continues to make important contributions to the forestry industry, and to people who enjoy and appreciate forests and their many benefits.

In my first year as Chairman of the Trust, I should like to pay tribute to my predecessor Sir David Landale KCVO who retired in December. Sir David was a founder member of the Trust and served as Chairman over the last seven years. Sir David has always been fully committed to the concept that the Trust had an important role in initiating projects for the long term good of the British forestry profession and forest industries. He also kept a keen eye on the investment strategy of the Trust and saw that high standards of professionalism of the Trust were maintained. The Trustees and I wish Sir David all best wishes in his "retirement" in the knowledge that he will be taking on other challenges as his visions for the future include more than forestry.

The dramatic falls in the stock market, which have resulted in the market value of the investment portfolio decreasing by £210,050, to £2,175,884, required the Trustees to revise budgets for next year. The Projects and Research Budget for this year was under spent and that sum has been carried over to 2002/03 to provide over £90,000. Administration costs and fees for professional services are being critically examined to identify savings and resulting from that review, it was decided to reduce costs of producing and distributing the Annual Report and Report of the Audited Financial Accounts. It was agreed that a less lavish Annual Report, which should include the Audited Financial Accounts, should not seriously diminish the availability of information about the Trust's activities. In fact with having set up our website information about the Trust is facilitated and much more accessible. The Annual Report is available free on request or can be downloaded from our web site. Orders for copies of future years' reports will be accepted from individuals and organisations. In addition the availability of these reports is being advertised in forestry journals as well as on our web site. The Trust will continue to provide copies of most reports on projects supported financially by the Trust free on request. A few priced publications are sold by the Trust and these are clearly indicated in this report.

As reported later it is pleasing to note eight major projects, which is a record number, were completed this year together with another seven projects in progress. This level of activity results from the investment of £382,719 over the past four years and is providing results to enhance many aspects of forestry in this country.



Sir F Michael Strang Steel Br, CBE

TRUSTEES' REPORT

The primary objective of the Scottish Forestry Trust is to support research, education and training in forestry, and the Board of Trustees has the sole power to make decisions for the Trust. Trustees are appointed for their experience, expertise and objectivity and provide a good balance of appropriate skills on the Board. Full meetings of the Trustees are held three times per year and the Projects and Research Committee, which evaluates applications for grant aid, meets a month before each full Trustees' meeting. 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 10 days per person each year. The Director is responsible directly to the Chairman for the day-to-day organisation and management of the Trust's business. A professional investment management company, First State Investments, advises the Trustees on the investment portfolio. The accounts are audited annually. A legal adviser regularly attends the Trustees' meetings.

A Statement of Trustees' responsibilities is presented later with the audited financial accounts. The financial statements prepared comply with the requirements of the Trust Deed and the Charities Accounts (Scotland) Regulations 1992. The auditors observe that the financial statements give a true and fair account of the Trust's affairs at 31 March 2002.

Review of Projects Portfolio

During the past year eight major projects were completed which is indicative of the increased budget allocated for grant aid in recent years. Sixteen projects were supported and these are listed in a table of "Grant Aid Expenditure" on page 19.

The *John Eadie Memorial Fellowship* is proving very valuable in gaining access to skills and experience not readily available and obtaining an outsider's perspective of forestry here. Professor Burch from Yale University, who is recognised internationally for his research in "social or community forestry" was awarded a fellowship in 2000 and made several visits to Britain over an eighteen month period visiting community forestry projects and talking to various organisations. Professor Burch gave a public lecture in November 2001 and his report is being published in *Scottish Forestry* in autumn 2002.

The portfolio of completed and ongoing projects is presented in more detail later, but the Trustees are pleased again with the wide subject range and types of projects. Some have immediate impact, e.g. *Suitability of Birch for Processing*, while others offer long term benefits in terms of improved quality of genetic material, e.g. *Seed Collection of Silver Birch* or health e.g. *Peridermium pini*. Two of the projects completed addressed environmental issues, i.e. *Environmental Impact Assessments* and *Effects of Mechanised Forest Harvesting on Soil Physical Properties*. Over the last four years the Trust has helped to fund research on *Immuno-contraception of Grey Squirrels*. Grey squirrels are responsible for drastic declines in native red squirrel populations as well as causing serious revenue losses in forestry through damaging log quality. Although this project on a species-specific oral contraceptive vaccine did not provide a practical means of control at this stage, the work did provide important information on vaccine development as well as more general aspects such as how to conduct fertility trials on grey squirrels.

Last year's Annual Report noted that the Trust was exploring the interest of the main forest industry organisations in a forest industries building, which would demonstrate home-grown timber and wood products. Although there was some support for a dynamic demonstration building for commercial use, no organisation was prepared to lead this enterprise. The Scottish Forestry Trust is not able to take this further.

Continuing projects cover a diverse range of research - *Management of Capercaillie*, *Stem Form of Birch*, *Genetics of Fragmented Tree Populations*, *Wood Properties of Sitka Spruce* and *Modelling Growth of Sitka Spruce and Birch*. In recent years we have recognised the need to try to interest the general public more in trees and forestry and so we are supporting the publication of a book, *A Pleasure in Scottish Trees*, and initiatives which are exploring the production of a TV series of programmes on *Man's Relationship with Trees and Forests*.

Financial Review

The full report of the audited accounts prepared by the Trust's Accountants and Auditors, Brown Campbell & Company is presented later in this report.

The volatility of the stock market last year continued this year with a general downward trend. The Trustees later in the year decided to reduce total expenditure for the following year from 6% to 5% of the market value of the investment portfolio. Budgets over the past three years have been based on total returns on the investments and not restricted to income from dividends, interest and sales of reports.

Over the year, the total assets less current liabilities of the Trust decreased by £219,359 to £2,328,956. The Accounts show an income of approximately £80,626 compared to £100,350 last year. Expenditure on Projects and Research accounted for most of that income, i.e. £78,269 and in addition there was an expenditure of £60,086 on management and administration.

£1,851 was received from two generous donations and sponsorship of a runner, Stephen Webster, in last year's London marathon. The income generated by sales of reports and royalties from books, although not large, did generate £343 this year. Sales of the report *Locations of Populations of Native Trees* have now earned the Trust about £650 and royalties from Dr Mutch's book *Tall Trees and Small Woods* have amounted to £658 over the last two years.

The administration costs of running the Trust, including professional and investment management fees, of £60,086 may be compared with an average of £51,760 over the previous four years. This year £6,414 was spent setting up a website. This site should provide savings in future in administration as well as facilitating requests for information, application forms for grant aid and reports. Although administration costs, discounting cost of establishing the website, were similar to last years, it was decided at the end of this year to review these costs and significant reductions in costs of printing and distribution of the Annual Report were identified, which should not restrict availability of information about the Trust's activities

Expenditure on projects this year amounted to £78,269. Most applications received seek funding for three years so attention has to be paid to impacts on budgets for future years, especially if decreasing budgets might be required, and it is important to continue to accommodate new projects. This year £32,027 is being carried over to the Projects and Research budget for 2002/03 due to delays in starting and completing projects and many of the applications did not meet our standards of quality and/or appropriateness of subject matter. We have always implemented rigorous reviewing procedures and monitoring of projects, and will continue to demand these high standards, while still being prepared to support new ideas and different approaches to enhance British forestry.

The Trustees with the Investment Manager will continue to monitor the financial situation closely and adjust budgets further if considered necessary.

MAJOR PROJECTS COMPLETED THIS YEAR

Challenges and Possible Futures for the Forestry Profession in a Global, Post-Industrial Social Economy

John Eadie Memorial Fellow
Professor William R Burch Jnr, Yale University, USA

The John Eadie Fellowship is awarded every two years. The aim of the fellowship is the betterment of British forestry by making use of expertise not readily available here. Professor William R Burch, who holds the Chair of Natural Resource Management at Yale University, was awarded a John Eadie Memorial Fellowship in 2000 and made several visits to Britain over 18 months. Professor Burch, a forester, ecologist and rural sociologist, is a leading practitioner in "social forestry". His pioneering work over three decades with communities in Asia and with rural and inner city communities in the United States has played an important part in the development of contemporary approaches to rural and community development. His study in this country encompassed field visits to community forests and discussions with interested people and organisations throughout Britain.

Prof. Burch's report highlights trends in forestry practices and services in Britain. A major transformation has occurred almost without systematic attention from the professional forestry academic and research establishment. He notes that the great diversity, number and range of tree, woodland and forest innovations carried out in cities, towns and countryside have received only marginal attention relative to the magnitude of their possibility. His report, most of which has been submitted for publication in *Scottish Forestry*, suggests some of the lessons learned from his research and ways of gaining a closer working relationship between technological capability and changed expectations for the forestry profession.

Environmental Impact Assessment in the Forest Sector of Great Britain

I.M. Gray, University of Wales, Bangor

In the decade preceding 1998 a total of 211 applications for grant assistance for afforestation have been subject to environmental impact assessment. Of these 101 had been completed and assessment concluded by 1998. Using this procedure, 89 forest sector environmental statements were reviewed and survey, prediction and assessment techniques employed were examined. This highlighted the poor quality of environmental impact assessments and environmental statements. A major deficiency was lack of focus on key issues with resources and attention being spread too widely. More training and use of appropriate tools to improve scoping is emphasised. The efficacy of the screening process and the ability to identify projects with potential impacts need to be improved. One of the initial hopes for environmental impact assessments was that it should offer a means for the general public to have input into forestry projects, but public participation in the assessment process of afforestation projects was seen to be minimal. In general while most environmental statement authors understood the reasons for, and potential benefits of, environmental impact assessments, they considered that much effort was wasted collecting information not required.

The Effects of Mechanised Forest Harvesting on Soil Physical Properties

M.J. Wood and P Carling, Southampton University

This study examined the effects of mechanised harvesting on soil physical properties. For deep peat and shallow peat over gleyed mineral soils potentially adverse structural changes can be largely avoided using protective brash mats. The lateral distribution of soil impacts suggested that as much as 50% of the site area may be subject to some degree of soil disturbance. In recognition of the increasing mechanisation of forest harvesting operations, quantitative guidelines based on pre-harvest soil sensitivity analyses and attention to maximising efficacy of brash mats have been developed.

Immuno-Contraception of Grey Squirrels

H. Moore, Sheffield University and B. Mayle, Forest Research, Farnham

The Trust is included in a partnership of funders who have financed this project over the past four years. The project was set up to test an innovative approach to contraception pioneered by Professor Harry Moore of Sheffield University. The technique involved treating squirrels with a protein that would trigger the females' immune systems to reject the males' sperm, thereby preventing pregnancy. The sperm antigen approach offers the prospect of a species-specific vaccine that could be delivered in treated food. Laboratory trials were promising and the behaviour of squirrels treated with the vaccine was tested in enclosures large enough for them to conduct their normal mating behaviour. The first enclosure trial showed a significant reduction in pregnancy rates among treated squirrels, but two further enclosure trials and a subsequent field trial involving wild squirrels failed to produce an immune response that was powerful or long lasting enough to validate the results. Even if the results had been confirmed, enough squirrels would have to eat enough of the treated bait. When food is plentiful this could be a problem and the hungriest time of the year might not be the optimum time for treatment. The project was successful in showing an immune response, but it was not sufficiently powerful or long lasting to cause a reliable reduction in fertility.

A Study into the Suitability of Birch for Processing

B Varley, TRADA Technology Ltd and N Wade, Aberdeen University

Birch logs were collected from sites in Scotland, England and Wales to evaluate suitability for manufacturing specific sawn products (flooring, furniture framing and glued laminated timber) The project had to be limited to short length timber as much of the current birch resource is of poor stem form. The trials demonstrated that UK birch is suitable for furniture framing and flooring for light and normal pedestrian traffic, although bending strength values were lower than for European material. Birch glulam is suitable for interior dry construction but the low durability prohibits use without treatment in higher risk environments. Results have been published in *Scottish Forestry 55* and *TRADA woodInformation 2001*.

Peridermium pini in North East Scotland

D. Mosley and S. Woodward, Aberdeen University and D. Miller, MLURI

This PhD study surveyed the incidence and economic impact of top-dying of Scots pine caused by *Peridermium pini*. Geographic information system was used to determine the major environmental, edaphic and climatic factors influencing disease incidence. Mean disease incidence was 4.94%. No disease was found in the 1-10 year age class, whereas over 7% of trees were infected in 41-50 year class. Disease increased with increasing years since last thinning. Disease incidence also was highest in stands growing on wet soils. Estimation of timber losses confirmed that significant losses would be incurred in most sites if no salvage thinnings were undertaken.

Seed Collection of Silver Birch Populations in England and Wales

R. Worrell, D. Malcolm, R Ennos, Edinburgh University

There is no definitive information on the adaptive variation of any native broadleaved species of potential forestry importance in Britain. New plantings have often been based on the indiscriminate use of native or imported origins. Collections were made from 24 sites in 2001 to establish a comprehensive provenance trial of silver birch (*Betula pendula*). This collection complements a similar project with Scottish material established earlier.

Proof of Concept Study for a UK Forest Industries Centre

Ballantyne MacKay Consultants, Edinburgh

Consultants Ballantyne Mackay were contracted to examine the potential for a Forest Industries Centre that would be a visionary statement building demonstrating the efficient and effective use of UK grown timber and manufactured processed products. The initial intention was that this building would provide office accommodation for organisations and companies in the sector, alongside meeting space and event facilities, but there was insufficient interest in, or demand for, such a building. Interest was expressed in the concept of a dynamic demonstration project that would have a strong focus on research and development, with wood having a high profile place alongside other sustainable construction materials. The building would be expected to demonstrate renewable energy, high levels of insulation, adaptability and flexibility. Further investigations by the consultants however were not able to identify a prime user around which the project could be structured and the Trust is not prepared to try to progress this concept further at this stage. A copy of the report from the consultants is available free.

ONGOING PROJECTS

The Role of Winter Desiccation and Frost in Determining Stem Form in Silver Birch Provenances (Dr M. Mencuccini, Edinburgh University): The principal hypothesis being addressed in this part of the study is whether loss of the dominant leader in silver birch is a result of xylem dysfunction. This might be caused by frost inducing vapourisation of water inside the xylem conduits with subsequent dehydration of the living cells upon thawing. Work is proceeding to demonstrate that freezing temperatures during winter do cause sap freezing in birch provenances and further to demonstrate that the frosts do affect xylem functionality by reducing the hydraulic supply capacity of the shoots.

Management Strategies for Capercaillie in Commercial Forests (Dr D Macmillan, Aberdeen University): This PhD project is concerned with developing a model for managing forests for Capercaillie and focuses on trade-offs between timber production and the provision of Capercaillie habitats. A procedure has been developed that combines the habitat suitability index with forestry data in a geographical information system. Some database manipulation is required so that the habitat suitability scores relate to the actual habitat areas. The volumes of timber that may potentially be felled in each habitat area are being estimated from general yield models and inventory data. Forests at North Glenmore and East Feshie are being used to test the model's harvesting options against suitability of Capercaillie habitats.

Effect of Growth Rate on Wood Properties of Genetically Improved Sitka Spruce with Special Reference to the Juvenile Core (Dr A Cameron, Aberdeen University): This PhD study at the University of Aberdeen is comparing wood properties of "fast growing" and "slow growing" progenies and "unimproved" genotypes. There is insufficient knowledge how volume growth potential is affecting wood density and juvenile wood content. The main progress over the last year has been completion of spiral grain measurements, assessment of branching and wood density. Further work is being carried out on tracheid length, percentage latewood and compression wood content.

Genetics of Fragmented Populations of Native Trees (Dr R Ennos, Edinburgh University): This project has the objective of assessing the genetic quality of seed derived from fragmented populations of rowan (*Sorbus aucuparia*) and ash (*Fraxinus excelsior*) in Moffat Dale, Dumfries-shire. The genetic variation in remnant stands of ash and rowan is being compared with the variation in seeds they produce. The number of adults contributing to seed production will be estimated and gene exchange between remnant populations will be measured.

Development of a Single Tree Distance Dependent Growth Model for Sitka Spruce (*Picea sitchensis*) and Birch (*Betula spp.*) (Dr A Pommerening): New growth models are required with greater spatial and temporal resolution to accommodate the greater complexity of continuous cover forestry compared with clear felling silviculture. Some experimental and permanent sample plots are being established in stands of Sitka spruce and in planted and semi-natural forests to provide data from a "growth series". The model will be validated using independent data and the outputs compared with other growth and yield models used in Britain.

A Pleasure in Scottish Trees (Alistair Scott and Heather Insh): This book contains a delightful collection of observations and anecdotes of 100 tree sites across Scotland. Heather Insh's 22 excellent line drawings enhance the book by accurately portraying distinctive features of the trees. In supporting this publication the Trustees are confident it will encourage greater interest in forestry and notable trees. Copies will be available from the Scottish Forestry Trust from April 2002 price £12.99.

TV Forestry Programmes (Forest Green Mantle Ltd): The Trust is providing support to prepare material for a series of TV programmes on trees and forests. At a suitable stage TV producers will be approached to determine interest.

COMPLETED PROJECTS

Report Number indicating year, Title, Contractor, Brief Statement and Report Availability

R02/1: A Decision Framework for Public Involvement in Forest Design Planning. (Max Hislop, Forest Research and Mark Twery, U.S.D.A. Forest Service). A prototype decision framework was developed for involvement of the public in forest planning processes in an objective and logical way. Three elements of the framework are a preliminary assessment system, flow chart and tool sheets. This approach allows the manager to evaluate options. Training in the use of the various tools available and related skills is being provided for staff involved in all stages of planning and public involvement.

R02/2: Certification of Genetically Modified Forest Plantations. (Prof. Steven Strauss, Oregon State University, USA). Professor Strauss spent three months at the Oxford Forestry Institute reviewing risks and benefits of using genetically modified trees for industrial plantations and is senior co-author of publication "Certification of Genetically Modified Forest Plantations" in the *International Forestry Review* 3.

R02/3: Public Roding in Sweden – The Use of Gravel Roads . (Joint Visit by Forestry Commission, Forest Industry and Local Authority Representatives). The Trust's support allowed Michael Alexander, T.G.A. to be included in a party investigating the use of gravel roads in Sweden. It is recommended that both the gravel roads and timber bridges should be designed to be "Fit for Purpose" and small-scale trials should be undertaken to assess their suitability for application in Scotland.

R02/4: Modification of Nitrogen Content and C:N Ratio of Sitka Spruce Timber by Kiln and Air Drying. (Dr C. Payne, University of Abertay-Dundee). Kiln drying reduced the total nitrogen content of the sapwood and heartwood by about 30% within the first 24 hours of the drying schedule. The nitrogen redistribution observed was not of sufficient magnitude to cause an increase in susceptibility to fungal degrade. Published in *Holzforschung* 56.

R02/5: International Student Symposium on "Forest Ecology: A Move Towards Sustainability and Community Involvement". (Edinburgh University). Students from 27 countries discussed challenges posed by sustainable forest management practices, demands of society, and environmental constraints. Contact IERM, Edinburgh University for copies.

R02/6: IPD Forestry Index. (Investment Property Darabank, 7/8 Greenland Place, London). Average return of -3% per year over the three years compares with 19.9% per year reduction in timber prices since 1996. Copies of the IPD Forestry Index may be obtained from the address above.

R01/1: Locations of Populations of Scottish Native Trees. (Scottish Forestry Trust). A published report which contains a database of approximately 1,100 populations and literature review is available from the Trust price £12.50.

R01/2: Damping-Off Oomycetes in Natural Regeneration of Scots Pine. (Aberdeen University). Study on the presence and pathogenicity of fine root pathogens in soils of Scots pine forests. Short final report is available from the Trust.

R01/3: Log Quality Assessment in Sitka Spruce in South Scotland. (Forest Research) Decreasing straightness scores associated with greater spacing, higher yield class, increase in elevation and windiness, and proximity to planting year. Thinning increased straightness score. Published article on "Changes in Stem Straightness" in *Scottish Forestry* 53.

R01/4: Timber Degrade in Sitka Spruce (*Picea sitchensis*) due to Bark Stripping. (Centre for Ecology and Hydrology). The reduction in net value due to perceived bark-stripping over 20 year period at Glenbranter Forest was of the order of 10% of the net value of the crops. *Forestry & British Timber*, September 2001.

R01/5: Broadleaved Timber Production Forecasting in Britain. (Oxford University). Factors affecting production reviewed. Short-term forecasts using the Forestry Commission's Woodland Grant Scheme database to predict felling areas suggested. Unpublished report.

R01/6: Using Scottish Hardwoods: Design Competition and Conference. (Forestry Commission) A design competition for students and a conference on use of Scottish hardwood timber in construction and joinery were supported. Publication "*Designing with Timber*" is available from the Forestry Commission.

R01/7: Long Term CO₂ Sequestration by Sitka Spruce. (Edinburgh University). Three-year study of carbon sequestration by Sitka spruce in central Scotland. Further information may be obtained from Edinburgh University.

R00/1: A Process Model Analysis of Environmental Limitations on the Growth of Sitka Spruce Plantations in Great Britain. (Professor R H Waring, 1998 *John Eadie Fellow*). A simplified physiologically-based model was used to assess growth limitations imposed by various site factors across Britain. Published in *Forestry* 73.

R00/2: Creation of Decision-Support Tools for Plantation Establishment. (Dr E G Mason, 1998 *John Eadie Fellow*). Model for *Pinus radiata* used to examine responses of Sitka spruce to establishment treatments using data from experiments in the Borders /Kielder region. Unpublished report available.

R00/3: The Potential for Extending Forest Cover in Grampian. (R Lorrain-Smith, M Bell, D Rees and A Davis). The potential transfer of land from agriculture to forestry in the Grampian Region was examined. Full report available from the Trust priced £5.50. Publication in *Scottish Forestry* 52.

R00/4: David Douglas Bi-Centenary Trail at Dawyck Botanic Garden. (Royal Botanic Garden, Edinburgh). Trail to commemorate the legacy of David Douglas in introducing so many important forest species into this country.

R00/5: Selection of Phenotypically Superior Oaks for Use in an Improvement Programme. (Oxford University) Trees selected for oak genetic improvement programme. Publication in *Quarterly Journal of Forestry*

R00/6: Forestry: An Economic Development Opportunity for North Scotland. (Timber Growers Association and Forestry Contracting Association). Seminar on roundwood marketing, economic development and transport development was supported.

R00/7: Control of *Heterobasidion annosum* in Sitka Spruce. (Forest Research). Short visit to look at "Rotstop" to control *H. annosum* at the Danish Forest and Landscape Research Institute in May 1999. Brief report available.

R99/1: Book "Tall Trees and Small Woods". (Dr W E S Mutch). This book on woodland management is recommended for people who are not fully familiar with all the technical aspects of forestry. Available from the Trust and bookshops at £20.

R99/2: Flowering and Seed Production of Aspen in Scotland. (Dr R Worrell). Results published in *Forestry* 72.

R98/1: An Investigation into the Stability of Irregular Forests Using a Wind Tunnel. (Forest Research and Oxford University). Study examined how damaging wind loads develop within tree canopies. Published in *Boundary-Layer Meteorology* 102, 2002.

R98/2: Silvicultural Systems of Lower Saxony and the Netherlands. (Ms J. Dunne). Author looked at transformation of forests to continuous cover management in those countries. Short unpublished report available.

R98/3: Ecological Site Classification for British Woodlands. (Forest Research and Edinburgh University). Published in *Scottish Forestry* 52 and *Forest Ecology and Management* 140.

R98/4: The Effect of Nursing Mixtures on Stem Form, Crown Size and Wood Quality of Sitka Spruce. (Aberdeen University). Published in *Forest Ecology and Resource Management* 122.

R98/5: Tree Trunk Educational Resources. (Forestry Commission). Programme of educational information related to community woodlands, multipurpose forests, native woodlands and uses of timber developed.

R98/6: Timber Frame 2000. (Building Research Establishment and TRADA Technology). The Trust provided financial support to supply home grown softwood to construct and test a Six-storey timber frame building constructed and range of tests carried out. Publication being prepared.

R98/7: Availability Forecast for the Principal British Hardwoods. (Timber Growers Association). Desk-based project to forecast 20-year availability of the principal British hardwoods. Report available from the Trust at £5.50.

R97/1: Fungal Spoilage of Kiln Dried Sitka Spruce at Scottish Sawmills. (Aberdeen University). Published in *Forestry & British Timber May 1997, Material und Organismen 33, and Holzforschung 56.*

R97/2: Cashel - Forestry for a Thousand Years. (Royal Scottish Forestry Society Forest Trust). Supported establishment of a native woodland on the eastern shore of Loch Lomond.

R96/1: Tolerance of Scots Pine to Low Root Temperatures. (Forest Research). Differences between provenances were observed in susceptibility to frost damage to roots. Published in *Forestry 70* and *Botanical J. Scotland 51.*

R96/2: Socio-Economic Factors Influencing the Decision to Market Timber in the Private Sector. (John Clegg & Co, and Firn, Crichton Roberts Ltd). Main conclusion was that woodland owners could benefit from being more fully supported in technical and marketing skills. Report available.

R96/3: Conservation of Scottish Forestry Soil. (NERC). This study has provided data on the theoretical basis of the Forests and Water Guidelines. Published in *Hydrological Processes 11* and *The Science of the Total Environment 265.*

R95/1: Habitat and Diet of Capercaillie in a Commercial Plantation in Central Scotland. (NERC). The diet of Capercaillie in woodland of Sitka spruce with larch was examined. Published in *Forestry 69.*

R95/2: Control of Variation in Density in Sitka Spruce. (University of Wales). Examination of underlying causes of variation in wood density. Published in *Forestry 70.*

R95/3: Future Location of Forestry in England and Wales, with Especial Attention To Transfer of Lowland Agricultural Land. (Forestry Industry Council). System developed to identify the extent, location and type of land likely to be available for profitable transfer from farming to forestry. Published in *Quarterly Journal of Forestry.*

R94/1: An Investigation into the Influence of Site Quality on the Productivity of a Range of Major Tree Species. (Macaulay Land Use Research Institute and Forestry Commission Research Division). Productivity of Douglas fir, Japanese larch and Scots pine on better quality sites examined. Report available.

R94/2: Net CO₂ Uptake of Scottish Forests. (Edinburgh University). Development of a system for the measurement of CO₂ exchange by forest stands.

R93/1: Molecular Methods for the Detection and Identification of *Heterobasidion annosum*. (University of Abertay-Dundee). Study investigated immunology methods in live trees and harvested wood.

R93/2: Private Forestry Policy in Western Europe. (A.J. Grayson). Policy implementation and role of financial incentives in Britain, Western Europe and some other countries including Australia and Russia are discussed. Book published by CAB International.

R92/1: Development of a Transformation from Uniform Plantations to an Irregularly Structured Forest. (Edinburgh University). Enumeration survey 40 years into transforming a uniform plantation to an all-aged forest of mixed species. Report available.

R92/2: The Mechanism of Increased Nitrogen Uptake by Spruce in Mixed Species Stands. (Aberdeen University). Examined the mechanisms by which the "extra" nitrogen, for improved growth of spruce when grown in mixture with Scots pine, lodgepole pine or larch.

R92/3: "Shake" in Oak. (Oxford University). Causes and an evaluation of its economic consequences. Published in *Timber Grower* 128, *Commonwealth Forestry Review* 65.

R92/4: Survey of Squirrels in Britain. (Timber Growers Association). Questionnaire regarding the status of both the red and grey squirrels, grey squirrel control, and damage. Report available from Forestry and Timber Association.

R91/1: The Commercial Potential of Birch in Scotland. (The Forestry Industry Council). Presentations to symposium held in May 1991. Copies price £5 from the Trust.

R91/2: The Ecology of the Great Spruce Bark Beetle (*Dendroctonus micans*) and its Predator, *Rhizophagus grandis*. (Forest Research) Development of a monitoring system for *R. grandis* and nature of tree resistance to attack by *D. micans*. Published in *Chemoecology* 2

R91/3: Development of a Computer Programme for Forecasting Conifer Wood Production in U.K. (Forestry Industry Council). Model developed to assess impact of different planting rates on future wood supplies.

R91/4: The Forestry Industry and the Greenhouse Effect. (University College London). Economic aspects of role of forestry. Policies aimed at reducing carbon emissions, and principles on which carbon taxes and credits might be based. Published report is available.

R91/5: Designated Areas in Scotland. Descriptive accounts of the main designated areas with maps of their locations. Publication £7.95 from the Trust.

R90/1: Yield Class and Windthrow Hazard Characteristics of Forestry in the Grampian Region. (Macaulay Land Use Research Institute). Predictive models of forestry potential of Grampian presented as maps of yield class and windthrow hazard.

R90/2: The Influence of Wide Spacing of Trees on the Interception of Radiation and the Growth of Trees and Pasture. (Edinburgh University). Light interception by the tree canopy and pasture grasses, and relationship to growth of both components in silvopastoral systems.

R89/1: Impact of Forestry on Output and Employment in U. K. and its Member Countries. (Fraser of Allander Institute). Impact of forestry on output and employment on the aggregate UK economy and its member countries. Results in *Regional Studies* 26.

R88/1: Production Forecasting for Private Sector Scottish Forestry. (Aberdeen University). Survey of the private sector growing stock in Scotland. and estimated actual production by the private sector.

R88/2: Current Knowledge and Perceptions of Forestry. (Valin Pollen Ltd and Consensus Research). Study identified forestry's key audiences, their knowledge and perceptions of the forestry industry. Report available.

R87/1: The Economic Effects of the "Guidelines for the Management of Broadleaved Woodland". (Timber Growers Association).

R87/2: Stirling Forestry Employment Study. (Firm, Crichton Roberts Ltd).

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Charity law 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 Scottish Forestry Trust and of its income and expenditure for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Trust will continue in existence.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the financial statements comply with charities' legislation. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice, Accounting by Charities.

(a) BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment assets.

(b) DEPRECIATION

Depreciation is provided on the cost or valuation of tangible fixed assets over their estimated useful lives to the organisation. The annual depreciation rates and methods are as follow.

Office equipment	20% straight line
Computer equipment	33% straight line

(c) TRUST FUNDS

The Scottish Forestry Trust Funds are held to promote education, training and research in forestry.

The Trust has a single 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.

(d) INVESTMENT INCOME

Investment income is the income received during the year together with the related recoverable tax credits thereon.

THE SCOTTISH FORESTRY TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2002

	<u>Note</u>	<u>2002</u> £	<u>2001</u> £
INCOME			
Investment income and recoverable tax credits		72,143	88,949
Bank interest gross		6,289	9,441
Donations		1,851	750
Other income		343	1,210
		<u>80,626</u>	<u>100,350</u>
DIRECT CHARITABLE EXPENDITURE			
Grants and other charitable expenditure	2	<u>78,269</u>	<u>99,873</u>
MANAGEMENT AND ADMINISTRATION EXPENDITURE			
Employment costs	3	16,245	16,296
Office costs		10,111	9,105
Publicity		6,414	740
Trustees' expenses		1,802	972
Professional fees	4	13,498	19,900
Finance Costs		4,988	521
Annual Report costs		6,764	6,313
Depreciation		264	745
		<u>60,086</u>	<u>54,592</u>
NET DEFICIT		(57,729)	(54,115)
OTHER RECOGNISED GAINS AND LOSSES			
Net realised gains / (losses) on investments		(75,577)	(26,974)
Net unrealised gains on investments		(86,053)	(249,108)
SURPLUS / (DEFICIT) FOR THE YEAR		<u>(219,359)</u>	<u>(330,197)</u>

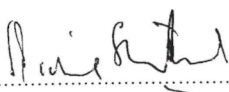
THE SCOTTISH FORESTRY TRUST

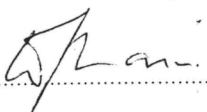
BALANCE SHEET

AS AT 31 MARCH 2002

	<u>Note</u>	<u>2002</u> £	<u>2001</u> £
FIXED ASSETS			
Tangible fixed assets	5	536	800
Investments	6	2,244,895	2,497,244
		<u>2,245,431</u>	<u>2,498,044</u>
CURRENT ASSETS			
Debtors	7	3,148	3,745
Cash at Bank		90,754	63,451
		<u>93,902</u>	<u>67,196</u>
LIABILITIES : amounts falling due within one year	8	<u>10,377</u> <u>83,525</u>	<u>16,925</u> <u>50,271</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,328,956	2,548,315
LIABILITIES : amounts falling due after more than one year			
		-	-
NET ASSETS		<u>2,328,956</u>	<u>2,548,315</u>
FUNDS			
UNRESTRICTED	9	<u>2,328,956</u>	<u>2,548,315</u>

Approved by the Board of Trustees on
and signed on its behalf by

 Chairman

 Trustee

THE SCOTTISH FORESTRY TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2002

	<u>2002</u> £	<u>2001</u> £
INCOMING RESOURCES		
Donations	1,851	750
Investment income	78,432	98,390
Other income	343	1,210
TOTAL INCOMING RESOURCES	<u>80,626</u>	<u>100,350</u>
RESOURCES EXPENDED		
Direct charitable expenditure	78,269	99,873
Management and administration	60,086	54,592
TOTAL RESOURCES EXPENDED	<u>138,355</u>	<u>154,465</u>
NET OUTGOING RESOURCES FOR THE YEAR	(57,729)	(54,115)
OTHER RECOGNISED GAINS AND LOSSES ON INVESTMENTS		
Realised gains/(losses)	(75,577)	(26,974)
Unrealised gains/(losses)	(86,053)	(249,108)
NET MOVEMENT IN FUNDS	<u>(219,359)</u>	<u>(330,197)</u>
Balances brought forward at 31 March 2001	2,548,315	2,878,512
Balances carried forward at 31 March 2002	<u>2,328,956</u>	<u>2,548,315</u>

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

2. GRANT AND OTHER CHARITABLE EXPENDITURE

	<u>2002</u>	<u>2001</u>
	£	£
Native Tree Species	-	2,822
Damping Off Pathogens	-	5,000
Stem Form in Silver Birch Provenances	-	11,600
Broadleaved Timber Forecasting	-	450
International Student Symposium	-	1,500
Long Term Carbon Dioxide Sequestration by Sitka Spruce	-	2,000
Forest Roads	-	600
IPD Forestry Index	-	588
Framework of Social Analysis	-	2,400
C:N Ratio of Kiln Dried Sitka Spruce Timber	-	1,500
Harvesting & Soil Properties	4,392	4,390
GM Plantations	2,000	4,000
Ingliston Forestry Building	4,280	6,225
Immuno-Contraception of Grey Squirrels	10,101	11,095
Birch Seed Collection	5,500	3,000
Management Strategies for Capercaillie in Commercial Forests	4,600	9,100
The Suitability of Birch for Processing	5,000	1,000
Wood Properties of Genetically Improved Sitka Spruce	12,188	12,803
Genetics Fragmented Populations	9,471	4,735
Peridermium Pini in North East Scotland	6,242	12,290
Environmental Impact Assessment	800	-
Pleasure in Scottish Trees	4,388	-
TV Forestry Series	432	-
Sitka & Birch Model	4,677	-
John Eadie Fellowship : Professor W Burch	4,200	2,775
	<u>78,269</u>	<u>99,873</u>

3. EMPLOYMENT COSTS

	<u>2002</u>	<u>2001</u>
	£	£
Director's Salary	15,000	15,000
Social Security	1,245	1,296
	<u>16,245</u>	<u>16,296</u>

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

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

4. <u>PROFESSIONAL FEES</u>	<u>2002</u>	<u>2001</u>
	£	£
Auditors remuneration - audit services	961	673
- other services	1,000	1,000
Legal fees	470	1,469
Investment management fees	11,067	16,760
	<u>13,498</u>	<u>19,902</u>
5. <u>TANGIBLE FIXED ASSETS</u>		
	Office Equipment	Total
	£	£
COST		
At 1 April 2001	2,935	2,935
Additions	-	-
Disposals	-	-
At 31 March 2001	<u>2,935</u>	<u>2,935</u>
AGGREGATE DEPRECIATION		
At 1 April 2000	2,135	2,135
Charge for the year	264	246
At 31 March 2001	<u>2,399</u>	<u>2,381</u>
NET BOOK VALUE AT 31 MARCH 2002	<u>536</u>	<u>536</u>
NET BOOK VALUE AT 31 MARCH 2001	<u>800</u>	<u>800</u>
6. <u>INVESTMENTS</u>	<u>2002</u>	<u>2001</u>
	£	£
(a) <u>QUOTED INVESTMENTS</u>		
Market value at 1 April 2001	2,385,934	2,594,416
Additions	533,075	506,703
Disposals	(657,072)	(466,077)
Net unrealised investment losses	(86,053)	(249,108)
Market value at 31 March 2002	<u>2,175,884</u>	<u>2,385,934</u>
Historical cost at 31 March 2002	<u>1,822,949</u>	<u>1,765,435</u>
(b) <u>CASH BALANCES HELD AS PART OF THE INVESTMENT PORTFOLIO</u>	<u>2002</u>	<u>2001</u>
	£	£
Held by Stewart Ivory & Co	<u>69,010</u>	<u>111,310</u>

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2002

7. DEBTORS

	<u>2002</u>	<u>2001</u>
	£	£
Taxation recoverable	658	716
Prepayments	-	30
Accrued income	2,490	2,400
Royalty	-	599
	<u>3,148</u>	<u>3,745</u>

8. LIABILITIES : amounts falling due within one year

	<u>2002</u>	<u>2001</u>
	£	£
Other creditors	1,136	1,425
Accruals	9,241	15,500
	<u>10,377</u>	<u>16,925</u>

9. UNRESTRICTED FUNDS

	RESERVES		TOTAL
	REVENUE	CAPITAL	
	£	£	£
Balance at 1 April 2001	69,400	2,795,455	2,548,315
Transfer between reserves	159,212	(159,212)	-
Net deficit	(57,729)	-	(57,729)
Net realised gains/(losses) on investments	(75,577)	-	(75,577)
Net unrealised gains/(losses) on investments	(86,053)	(86,053)	-
Balance at 31 March 2002	<u>95,306</u>	<u>2,233,650</u>	<u>2,328,956</u>

As disclosed in note 1(c), the Trustees are empowered to apply the funds of the Trust for any of the purposes of the Trust. The Trust's reserves are analysed into a Capital reserve and a Revenue reserve in order to reflect the structure of the Trust's assets. Accordingly, the Capital reserve comprises the Trust's managed investments at market value plus the cash balance on the investment managers' capital account. The balance of the Trust's assets and liabilities are taken into the Revenue reserve.

10. CONTINGENT LIABILITIES

The Trust has made commitments to pay grants, conditional on the research continuing and satisfactory reports being received by the Trustees, as follows:

2002-2003 :	£69,646
2003-2004 :	£25,518
2004-2005 :	£25,833

THE SCOTTISH FORESTRY TRUST
AUDITORS' REPORT TO THE TRUSTEES
OF THE SCOTTISH FORESTRY TRUST

We have audited the financial statements on pages 16 to 21, which have been prepared under the accounting policies set out on page 15.

Respective Responsibilities of the Trustees and Auditors

The Trustees are responsible for the preparation of the 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 2002 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
Chartered Accountants
Randolph House
8A Randolph Crescent
Edinburgh
EH3 7TH

Date: 15th August 2002

The Scottish Forestry Trust's financial resources are able to support only some of the very worthwhile applications it receives. The demands for funding are intense. The Trustees would be grateful to receive any contributions in the form of donations or legacies to enhance British forestry through supporting the Trust's activities.

GIFT AID DECLARATION

The Scottish Forestry Trust

Donor's details

Title Mr/Mrs/Miss/Rev/Prof/Dr/Other

Full name (in CAPITALS)

Address (in CAPITALS)

.....

.....

Postcode

I want The Scottish Forestry Trust to treat:

- the enclosed donation of £.....
- the donation(s) of £..... which I made on / /
- all donations I make from the date of this declaration until I notify you otherwise.
- all donations I have made since 6 April 2000, and all donations I make from the date of this declaration until I notify you otherwise.

as Gift Aid declarations

delete as applicable

Donor's signature Date

Notes:

1. You can cancel this declaration at any time by notifying The Scottish Forestry Trust.
2. You must pay an amount of income tax and/or gains tax at least equal to the tax that The Scottish Forestry Trust reclaims on your donations in the tax year (currently 28p for each £1 you give).
3. If in future your circumstances change and you no longer pay tax, and capital gains equal the tax The Scottish Forestry Trust reclaims, you can cancel your declaration (see note 1).
4. If you pay tax at the higher rate you can claim further tax relief in your Self Assessment tax return.
5. If you are unsure whether your donations qualify for Gift Aid tax relief, ask The Scottish Forestry Trust. Or ask your local tax office for leaflet IR113 Gift Aid.
6. Please notify The Scottish Forestry Trust if you change your name or address.

SELECTED ITEMS FROM THIS YEAR'S REPORT



£78,269 was provided as grant aid supporting a wide subject range of research and educational projects.



Professor Burch, recipient of the John Eadie Memorial Fellowship 2000, reported on "Challenges and Possible Futures for the Forestry Profession in a Global, Post Industrial Social Economy".



Over the last four years, £382,719 has been provided to support a record number of major projects.



The total assets of the Trust at 31st March 2002 were £2,328,956. This represents a decrease in assets of £219,359 over the past twelve months.



In reviewing the investment portfolio with the Investment Manager, the Trustees agreed to reduce total expenditure to no more than 5% of the market value of the investment portfolio.



The Trust's website www.scottishforestrytrust.org.uk was set up during the year to include news, availability of reports, and downloading of application forms for grant aid and some reports.



The less lavish and revised distribution of the Annual Report and Report of Annual Financial Accounts is being implemented to reduce expenditure.



Copies of the Annual Report including the Audited Accounts are available free from the Trust and can be downloaded from our web site. Notification of the change in distribution and availability of reports is being advised through forestry journals.