



Report and Financial Statements

Year ended 31st March 2024

Charity No. SC008465

www.scottishforestrytrust.org.uk

The Scottish Forestry Trust

For the year ended 31 March 2024

Chairman's Foreword

This year was my first full year as Chair following the retirement of the Trust's previous Chair, Dr Bob McIntosh in December 2022. I was particularly honoured to serve as Chair in The Scottish Forestry Trust's 40th anniversary. The Trust commemorated this impressive milestone by hosting an inaugural Bursary Student Seminar at the University of Stirling which showcased the work of Trust-funded postgraduate students from across the UK, and a celebration event in the company of 70 invited guests in the Grassmarket Centre, Edinburgh in November.

No new Trustees were appointed in 2023-2024. However, in December 2023 Dr Keith Kirby FCIEEM FICFor stood down as Chair of the Projects and Research Committee, but I am pleased to report that Dr Helen McKay OBE FICFor CEnv, assumed the role of Chair of the Projects and Research Committee from 1 January 2024.

During 2023-2024, The Scottish Forestry Trust has been able to distribute funds to the value of £65,987 in support of existing projects and approved funding of £40,192 in support of five new projects.

This was the second year the Trust offered the Early Career Researchers Conference Fund to provide support for recently qualified forestry researchers from UK research institutes to attend scientific conferences. Nine early career researchers benefited from funding to attend the Association of Applied Biologists Creating Canopy Conference at the University of Nottingham, 27-29 November 2023.

The capital funds held by the Trust are invested with the objective to generate income for the support of charitable beneficiaries as well as protect the real value of the capital over the long-term. Trustees review our investment policy on an annual basis alongside the appointed investment manager. Since the submission of last year's annual accounts, global financial markets have remained challenging. Through much of the year, the concerns of investors revolved around inflation and recession risks. As a result, our investment portfolio, managed by RBC Brewin Dolphin delivered an income of £84,732 to our investment portfolio, valued at £3,229,774. The Trust also maintains a significant cash balance, which is being managed to make best use of available interest rates.

The Trust received a substantial legacy donation from one of our former Trustees, Dr D C Malcolm. On behalf of my fellow Trustees, I would like to sincerely thank the estate of Douglas Malcolm for such a generous donation. If you would like to leave a gift to The Scottish Forestry Trust in your will, then please do not hesitate to get in touch with me or the Trust's Executive Director.

We have increased the media profile of the Trust with articles featuring our work, and the work we fund, published in Forestry and Timber News (Confor), Trees (Institute of Chartered Foresters) and Scottish Forestry (Royal Scottish Forestry Society). In addition, the Trust's digital presence increases with the dissemination of appropriate information through social media platforms, primarily LinkedIn and X.

For much of the year, the Trust has taken preparatory steps to transition The Scottish Forestry Trust to a Scottish Charitable Incorporated Organisation (SCIO), The Scottish Forestry Trust SCIO (Registered Charity No SC053147). It is intended that in the summer of 2024, all Trustees, employees, assets and liabilities of the Scottish Forestry Trust will transfer to The Scottish Forestry Trust SCIO, and in time The Scottish Forestry Trust will be wound up and will cease to be a registered charity.

Sadly, in January 2024, Executive Director Amanda Bryan MICFor tendered her resignation but offered to remain in post and serve a six month notice period on reduced hours to enable the Trust to recruit a successor. I am indebted to Amanda for this generous gesture as it made the recruitment process considerably less disruptive and grateful for her energy, enthusiasm and diligence during the past four years as Executive Director.

Finally, sincere thanks to my fellow Trustees for their support and guidance in achieving so much in the last year. I very much look forward to building on our achievements in the coming year with so many exciting objectives and opportunities ahead of us.

Professor Paul Atkinson

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2024

Reference and administrative information

Trustees

Professor P Atkinson, Chair

Dr K Kirby FCIEEM FICFor, Chair of the Projects and Research Committee (until 31 December 2023)

Dr H McKay OBE FICFor CEnv, Chair of the Projects and Research Committee (from 1 January 2024)

E Balfour

A R Browne FICFor

Professor D Burslem, Member of the Projects and Research Committee

Professor I Kotta-Loizou, Member of the Projects and Research Committee

T Liddon FICFor, Member of the Projects and Research Committee

Professor J Pendlebury MICFor

Professor A Kleczkowski FIMA, Member of the Projects and Research Committee

T Owen FICFor

Dr I Willoughby FICFor, Member of the Projects and Research Committee

Director

A Bryan MICFor

Registered Office

59 George Street, Edinburgh, EH2 2JG

Website

www.scottishforestrytrust.org.uk

Charity Number: SC008465

Auditors

CT LLP, Chartered Accountants & Statutory Auditor, 61 Dublin Street, Edinburgh, EH3 6NL

Bankers

Hampden & Co, 9 Charlotte Square, Edinburgh, EH2 4DR

Legal Adviser

Anderson Strathern, 1 Rutland Court, Edinburgh, EH3 8EY

Investment Managers

Brewin Dolphin, Sixth Floor, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX

Acknowledgement

The Chairman and Trustees wish to gratefully acknowledge the generosity of all our donors to the Trust's funds this year.

The Trust received donations and legacies of £13,590 during the year. Sincere thanks to the estate of the late Dr Douglas Malcolm, K Kirby, M Egedusevic, RD Macleod and RWL Scott for their support. Included in the above amount is the Trust's first donation towards the Hylobius Research Fund, £1,971 from Fountains Forestry.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2024 (Contd.)

The Trustees present their report and the audited financial statements of The Scottish Forestry Trust for the year ended 31 March 2024. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Objectives of the Trust

The primary objective of The Scottish Forestry Trust is to support forestry across Britain where forestry is defined in the widest sense to include production and use of all forest products and its contribution to landscape, recreation, wildlife, the environment and rural development.

The Trust can support projects in all of the forestry related sciences, but preference is given to proposals that address industry needs related to policy formation and execution, to broad management questions as well as to studies of an applied nature where the scientific, technical and economic information and benefits are more immediately available to the profession. Notwithstanding that, fundamental work with the potential to resolve outstanding problems, or reveal new opportunities, is also supported. Overall, the Trustees take a flexible approach and are open to discuss any new projects within the above scope.

The objectives of the Trust continue to be met fully through grant aiding projects on research, education and training in their broadest sense using the Trust's investment income. A proportion of the activity provides education and training opportunities for post-graduate students, and this remains a focus for the future. All supported projects contribute to improved scientific and technical information and in addition help to make the general public more aware of the many benefits from forestry.

Grant making criteria

The Trust invites applications from research institutes and individuals normally three times a year, depending on funding availability. Eligibility criteria for both the Trust's general funding assistance and for applications to the Bursary Award Scheme are made available through the website at www.scottishforestrytrust.org.uk/applications.asp

The Trust's Projects and Research Committee considers all eligible applications and then makes recommendations to the full Board of Trustees to approve, defer or reject the applications received. The Projects and Research Committee also monitor the progress of successful applications through regular written progress reports by the applicant. Staged payments are only released on receipt of satisfactory progress reports.

Trustees take a flexible approach to the range of projects we can assist and have published broad criteria for both project eligibility and the levels of grant that applicants might expect from the Trust should their application be successful.

Activities and Achievements

The Trust celebrated its 40th anniversary in 2023. Across the year a series of activities were delivered building on our core business of providing support for research, education and training across the forestry sector. The first of these was the presentation of a special 40th Anniversary Award for Education and Outreach which was presented at the Confor Dinner and Awards in late February 2023, reported in last year's Annual Report. There was then an inaugural Bursary Student Seminar which showcased the work of 13 of our funded postgraduate students from across the UK. This was a very successful two-day event co-hosted by the University of Stirling. Finally, we held a Celebration Event on 29 November 2023 at the Grassmarket Centre in Edinburgh. This was an informal opportunity for more than 70 Trustees and former Trustees, partners, supporters and grant recipients to come together and celebrate the work of the Scottish Forestry Trust over afternoon tea.

A full list of projects supported since the Trust started providing grant aid in 1986 is provided on our website, www.scottishforestrytrust.org.uk. The current portfolio of projects, as reported later, continues to be strong and varied in content. This always places considerable pressure on the Trust's resources, and we are particularly grateful to the Forestry Commission, Scottish Forestry and Natural Resources Wales (and their predecessor bodies), who have provided financial support to enable us to assist PhD and Masters students through our Bursary Award Schemes.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2024 (Contd.)

We continued to update our website through which we disseminate project updates and summaries of recently completed projects. Our newsletters continue to be a regular feature and are available to those who sign up to receive it through our website. We continue to disseminate information through social media channels; our Twitter account has 795 followers and our LinkedIn account has 288 followers (figures correct as 31 March 2024).

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

How our supported projects have performed

The outcomes of the Trust's work supporting research include the education of future researchers, the dissemination of knowledge through making research findings known and the funding of significant new avenues of research in forestry throughout the United Kingdom.

During the year, we spent £65,987 on staged payments to projects where commitments had already been made. This is an increase of £14,850 on our commitment in 2022-2023. With activity picking up post-pandemic we were able to approve future commitments of £40,192 towards five new projects. Many projects continue to have their payment calendars reprofiled in year due to a combination of the coronavirus pandemic and other impacts and future commitments now total £228,110 with payments to them now continuing to 2028.

Trustees are pleased with the progress achieved during the year, particularly on new projects. Information on all our approved projects can be found at www.scottishforestrytrust.org.uk/projects-in-progress. A summary of projects both completed and approved in year is provided below along with details of ongoing projects.

Completed Projects

Dynamic conservation of genetic diversity in juniper (UK Centre for Ecology and Hydrology)

This research project assessed the genetic diversity and phenotype variation in UK populations of *Juniperus communis*. Preliminary results suggested that most genetic variation was accounted for by variation within populations, but a significant proportion was due to differences among populations. Finally, the report contained draft guidance for the restoration of Juniper populations.

Initially The Scottish Forestry Trust supported this research project as a Ph.D research project, but this was amended to a MRes research project when the original postgraduate student failed to complete the PhD.

The project was completed in December 2023.

The economic and social benefits of native woods (Community Woodlands Association)

The project worked with four Scottish community woodland groups (who own or manage native woodlands) to develop a suite of case studies which identified and showcased the economic and social benefits delivered by current and planned management operations.

The report, and its outputs (a series of short films) will enable the Community Woodlands Association to:

- inspire and encourage other communities to actively own and manage native woodlands and, where possible, to increase the area of native woodland under community management
- raise awareness of the potential economic and social benefits of community managed native woodland
- improve understanding of the relationship between communities and native woodland
- better understand how to support communities to manage native woodlands.

The project was completed in June 2023.

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Report of the Trustees for the year ended 31 March 2024 (Contd.)

Efficacy of one-way hare structures in woodland areas (Scottish Woodlands)

This project investigated the effectiveness of one-way structures in allowing brown hares (*Lepus europaeus*) and mountain hares (*Lepus timidus*) to escape from fenced woodland enclosures. This was done through implementing innovative exit structures (ramps and one-way gates) to allow for the safe passageway of hares, and to subsequently monitor the use of the structures through the deployment of motion-sensor camera traps. The findings indicate that hares will use one-way structures to exit enclosures. Both gate and ramp structures were found to be successful though ramps showed higher levels of use and provided additional benefits in areas where snowfall was high.

The successful use of the one-way structures suggests a degree of effectiveness suitable for further research, and these findings will be used to develop more effective strategies of hare management in the future.

This project was completed in October 2023.

Environmental impact of horse logging in the UK (Centre for Alternative Technology and Liverpool John Moores University)

Support was provided for this Masters project addressing the question: What environmental impacts do horse handlers perceive of their work horse-logging in woodlands in the UK?

This research looked to value the lay knowledge of professional horse-loggers in the UK. This knowledge type, alongside local and indigenous knowledge, has growing recognition by the international scientific community in supporting climate change mitigation and adaptation.

Five environmental impacts were identified: soil- and tree- protection and development; biodiversity development; enabling connection and absence of pollution. These present the place-based direct experiences of the participants and potentially offer some new findings which are relevant to, and appear absent in, research and UK policy.

Three further themes were constructed: a response of woodland management that provides woodland health; a driver of economic and environment values; and the pressure of time. These add potential insight into the environmental, economic, and social effects that may also contribute to the overall sustainability of horse logging.

This project was completed in November 2023.

Improving Biodiversity in Lowland Planted Woodlands (Falkland Stewardship Trust)

Woodlands planted on arable land and improved pasture often fail to develop complete woodland plant communities. These woodlands remain dominated by grass and agricultural weeds. This severely limits their biodiversity value, including impacts on some invertebrate populations; and reduces the amenity and recreational appeal of the woods. This can be addressed via careful introductions of missing woodland plant species aimed at simply establishing small viable populations that can colonise the wood over time. There are a few trials of woodland plant introductions in Scotland and England; but none have used a replicable approach and are suitable for long term monitoring and research.

The objectives of this research project were to establish long term demonstration sites to test the feasibility of introductions and provide evidence of outcomes. The project suggested that the approaches and techniques set out in Nature Scot's interim best practice guidance publication, 'Establishing woodland plants in broadleaved woods – Interim best practice guidance for conservation translocations' (Worrell et al. 2021) are broadly sound, but could be refined as a result of the research project's findings.

The project was completed in June 2023.

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Nutrient cycling in upland forest soils (University of Middlesex, transferred to Queen Mary University of London)

The Bursary funded project will use a selection of fieldwork and laboratory techniques to improve understanding of how the biological communities of upland soils cycle nutrients and remain productive, possibly illustrating the suitability of upland soil types for forestry applications. Genetic material sourced from soils across the Scottish Highlands will be gathered and sequenced using next generation sequencing technologies, providing novel insights into the biological communities beneath our feet. A series of experiments will then be conducted to determine exactly how these communities retain nutrients within forest ecosystems subject to high rainfall. The results of the project promise to give exciting insights into how the soils of production and conservation forestry can be managed for optimum productivity, either improving yields or developing the ecosystems upon which Scottish wildlife depend.

The project was completed in August 2023.

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

Widespread impacts on forest productivity from extreme drought events have now been documented on every forested continent on earth, with the frequency and severity of these events expected to increase across much of the world. To meet the challenges of a changing climate, an understanding of how forest systems have responded to extreme droughts in the past and how we can increase the resilience of these systems to future events is needed.

This research integrated new and existing tree-ring data on Sitka spruce (*Picea sitchensis*) and Scots pine (*Pinus sylvestris*) to deliver a predictive understanding of the change in tree risk, resistance, recovery and resilience to drought. Following the implementation of a new methodological approach to quantifying drought resilience over different timescales, the researchers documented evidence of post-drought compensatory growth in both Scots pine and Sitka spruce and found evidence that small increases in drought severity were associated with large reductions in the radial growth of Scots pine and a shift in tree growth dominance.

This project was completed in July 2023.

Wild Service (*Sorbus torminalis*) provenance trial (Woodland Heritage)

Woodland Heritage ran a trial to test different provenances of *Sorbus torminalis* for survival, growth and stem quality in order to provide recommendations for silvicultural practice. The work undertaken included creation of a survey protocol to guide measurements and monitoring to be carried out at regular intervals during the first phase of this project (with survival and early growth analysed after one, three and five years).

Preliminary analyses carried out based on the first three annual re-measurements clearly indicate a large variation in growth potential among provenances. More specifically:

- Local English provenances lag behind those from further south on the European continent
- Even more surprisingly, English provenances and the only German provenance included in the experiment, suffer significantly more from apical dieback than the French and the Italian provenances
- The early assessment of stem quality indicates that the better provenances in terms of growth capacity and apical dieback also perform better in terms of stem quality.

Based on other research on forest genetics and forest tree provenances, it should be cautioned, however, that provenance performance may change over time, especially in lesser-known tree species for which we have less experience and general knowledge of long-term development.

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The results of this research will be disseminated to industry bodies and publications directly and online for wider consumption, representing the only provenance trial for Wild Service Tree ever to have been undertaken in Britain, which will help raise the profile of this under-used but potentially remunerative hardwood.

The project was completed in August 2023.

Working Woods for Foresters course (Institute of Chartered Foresters and Association of Scottish Hardwood Sawmillers)

Working Woods for Foresters is a two-day training event that offers foresters and woodland managers a unique opportunity to increase their knowledge of how to grow and manage deciduous trees for the production of hardwood timber.

The content is based on a highly successful three-day course ran by the Association of Scottish Hardwood Sawmillers for a wider range of professionals. By targeting forest managers, this course focused more on the key aspects of silvicultural management in managing broadleaf woodland for timber. This approach helped delegates capitalise on the increasing opportunities for hardwood production, diversify their practice and grow a network of colleagues to collaborate with.

This project was completed in May 2023.

Ongoing Projects

Balancing benefits and trade-offs from future forests (University of Stirling)

This PhD project sets out to explore how we create multifunctional forests in the UK context to optimise biodiversity, carbon sequestration and economic value for timber production and maximise their public acceptability in the context of ambitious targets for forest and woodland expansion and the likelihood of increasing land-use conflict in an environmentally uncertain future. The project integrates a diverse and experienced multidisciplinary team across academia, government agency and private land-owner to deliver outcomes expected to include policy and management advice, published outputs in peer reviewed academic and practitioner journals and a Forest Research research note. The project is designed to generate impact through revised guidance in future forestry, land use and biodiversity strategies.

The project is scheduled to complete in 2027.

Creating Canopy Conference (Various recipients)

Nine early career researchers – Bruno Boaretto Santos (University of Birmingham), Katerina Chernyuk (University College Cork), Freya Cole (Forest Research), Domen Finzgar (Forest Research), Amy Gresham (University of Reading), William Hagan Brown (University of Plymouth), Jie Huang (TEAGASC), Yanzhi Lu (University of Birmingham) and Thomas Sloan (University of Leeds) – were recipients of travel grants to attend the Association of Applied Biologists Creating Canopy Conference at the University of Nottingham, 27-29 November 2023. The initial request for funding came from the Association of Applied Biologists' 'Applied Tree and Forest Biology' specialist group.

This project is scheduled to complete in 2024.

Dynamic conservation of genetic diversity in juniper (Centre for Ecology and Hydrology)

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

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

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Report of the Trustees for the year ended 31 March 2024 (Contd.)

This research will contribute to the long-term protection of genetic diversity Juniper (*Juniperus communis*) which is under severe pressure in the UK due to its highly reduced and fragmented

population size, low regeneration rates, climate change and the arrival of a novel pathogen, *Phytophthora austrocedri*.

This project is a continuation from an earlier Scottish Forestry Trust funded project with the MRes student now progressing to complete a PhD. The project is scheduled to complete in 2025.

An easier route to strength grading UK hardwoods (Edinburgh Napier University)

This three-year Bursary project aims to improve strength grading options for home-grown hardwoods, allowing them to be used in construction, raising value, and meeting national objectives for more environmentally friendly buildings. Current options are limited, so the researcher will create the foundation for a more cost-effective route to establishing grading, and easier-to-apply visual grading rules for small producers. Properties of three, strategically chosen, home-grown hardwood species will be characterised by non-destructive methods and small clear testing. Models will be created for predicting full-size timber properties from these measurements. It will be explored how these models can be used for timber grading and transferred to other hardwood species. Potential for working within the current framework of standards and regulations will be assessed. It is expected that some results will combine with related research in Europe, to directly influence the revision of key standards, e.g. EN384.

The project is scheduled to complete in 2027.

Enhancing integrated pest management in forestry (University of Edinburgh)

Integrated Pest Management (IPM) is an integral part of sustainable forest management, as reflected by its inclusion in requirements for independent certification schemes such as the Forest Stewardship Council (FSC) and UK Woodland Assurance Standard (UKWAS).

This PhD will evaluate the use of entomological Integrated Pest Management in forestry, using case studies to identify the drivers and barriers to successful implementation, and form concluding recommendations to enhance forestry practice.

The project is provisionally scheduled to complete in 2026.

Identification of Filamentous Pathogens on Leaves (University of Birmingham)

This Bursary project aims to use Raman spectroscopy to deepen the understanding of fungal infections within trees, specifically ash die back and oak powdery mildew. This will involve examining the leaf wax and cuticle layers of leaves from the respective trees and using Raman spectroscopy to identify any microscopic chemical changes. This knowledge will be used to develop a sensor to allow early identification of ash dieback and oak powdery mildew in the field.

The project will be building on current and past research into leaf Raman spectroscopy by developing a detailed model of fungal infection and resistance.

The project will conclude in 2024.

Identifying alternatives to conventional plastic tree shelters (Forest Research, on behalf of the Forest Plastics Group)

The high cost of returning to a site and removing and disposing of used plastic tree shelters at the end of their useful life has meant that in many cases they are simply left to gradually photodegrade. Not only is this unsightly, but it forms a source of plastic micro pollution in the developing forest. For this reason, a number of manufacturers have been striving in recent years to develop tree shelters, often made from materials other than conventional plastics, that could in theory be left in situ on site without a need for them to be removed and recycled.

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This project aims to independently verify the durability and efficacy of a range of these alternative products. Depending on results, the intention would be to publish at least one paper in a reputable peer reviewed scientific journal to publicise our findings. In addition, a dedicated webpage will be set up, and at least one trade journal article will be produced to publicise the scientific paper, and to give clear, practical recommendations for managers.

The project is scheduled to complete in 2027.

Improved pretreatments and fractionation of soft and hardwoods to access feedstock chemicals (University of St Andrews)

The purpose of this PhD research study is to develop improved pretreatments for Sitka spruce co-products in order to deliver high quality lignin and fermentable sugar streams. Fractionation protocols for lignin derived from Sitka spruce and from softwood and hardwood co-products will also be assessed and finally, aromatic monomers derived from the lignins will be optimized in the production process.

This project has been extended to take account of a three-month industrial placement and will conclude in 2025.

Improving outcomes in montane woodland restoration (University of Stirling)

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

The project is scheduled to complete in 2025.

Pilot initiative to inspire future foresters via STEM activity in schools (Confor and Scottish Council for Development and Industry)

This partnership initiative between Confor and the Scottish Council for Development and Industry (SCDI) aims to expose young people to the range of opportunities that exist within the forestry and timber technologies sector via Science, Technology, Engineering and Mathematics (STEM) club activity in schools.

The pilot is planned to last three years in the first instance and targets S1-S3 pupils in the Highland Council area on two programmes - Climate Smarter and Highland Celebration of Engineering starting in the Academic Year 2021-2022. Climate Smarter involves pupils engaging in a project around future schools and a resource pack on use of homegrown timber in buildings will be integrated into this successful SCDI programme. SCDI have access to more than 1,600 primary and secondary schools across Scotland via their Young Engineers and Science Clubs and operate a number of initiatives and competitions to excite and engage young people of all ages. The programme has already been expanded to several other areas with additional sponsorship.

The project will conclude in 2024.

Quantifying the magnitude and duration of tree water stress (Forest Research)

Drought-induced, radial-longitudinal stem cracks are a consequence of meteorological drought. Sitka spruce stands in North-East of Scotland have been reported to have suffered cracks due to hot and dry summers. Since then, these areas have been classified as high drought risk mainly because of their freely-drain soil. However, very little is known about the physiological water stress trees are experiencing. This project will quantify the magnitude and duration of water stress of the soil-plant-atmosphere continuum of Sitka spruce in two locations to evaluate the role of water stress in stem cracks.

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The researchers will use the latest technology in the "Internet of Things" sensors with a newly developed method of quantifying water stress based on electric circuit theory. Evidence will be provided for areas where trees are experiencing water stress, leading to potential stem cracks.

The project is scheduled to complete in 2025.

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

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

The project will conclude in 2024.

New Projects

Early Career Researchers Conference Fund (Scottish Forestry Trust – Various)

The Early Career Researchers Conference Fund supports conference attendance by recently qualified forestry researchers who are employed in UK research institutes [those with fewer than four years post-doctoral experience, or for non-doctoral staff fewer than seven years post-graduate experience]. The support is aimed at staff attending conferences both in the UK and overseas at which they may be involved in presentations (including posters) or actively building networks or contacts linked to future research funding proposals. Those attending will be expected to provide the Trust with a short report on their experience at the event including any networking outcomes achieved. Applications should be submitted on behalf of the attendees by the employing organisation.

Only one award was made in 2022-2023 to Yitbarek Tibebe Weldesemaet (Coventry University) to attend the 26th IUFRO World Congress in Stockholm, on 23-29 June 2024.

Sharing value chain stories to facilitate change (Evolving Forests).

In order to promote increased woodland management in the UK to support the use of homegrown timber in construction and increased the volumes of carbon stored in the built environment Evolving Forests aim to commission a suite of richly visual and compelling media. This project will bring lessons from across Europe in forest management and construction to UK specific contexts. The media will act as a catalyst to join up stakeholders to discuss current issues, techniques, and innovations, and act as a vehicle to spark deeper debate and forward-looking panel discussions on the current and future possibilities of UK timber in construction and resilient woodland management practices.

The project will conclude in 2025.

Sitka spruce colonisation at treeline in Scotland (University of Stirling)

This PhD project will investigate treeline sites in Scotland that have been colonised by Sitka spruce (*Picea sitchensis*) from plantation sources, seeking to understand spatial patterns and the influence of landscape scale features on Sitka spruce colonisation, the impacts on biodiversity and treeline development and the long-term implications of treeline colonisation. The project takes a neutral perspective and has the potential to identify both risks and benefits of Sitka spruce at treeline sites. The project team includes diverse members from academia, government agencies, forest industry and private landowners and the outcomes of the work will include academic, policy and management outputs, creating impact by providing evidence and recommendations for forestry practice and biodiversity conservation.

This project will be concluded in May 2028.

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Small Scottish tree nurseries: Phase 1 – Workshop (Future Woodlands Scotland)

The planning, co-ordination and hosting of a physical meeting, to be implemented in a workshop format, bringing together identified key representatives from small-scale and/or remote native tree nursery producers based throughout Scotland, including from the Western and Northern Isles.

It is the intention that the findings assimilated from the workshop will provide a robust starting block for the development of a Phase 2 delivery programme of co-ordinated and structured training and associated support over a two to three year period.

It is highly likely that a subsequent and associated Phase 2 delivery programme would also be subject to an application for funding support from The Scottish Forestry Trust. This project will be concluded in December 2024.

Working Woods Scotland course 2024 (Association of Scottish Hardwood Sawmillers)

There is growing interest in making better use of our own home-grown hardwood timber in Scotland, while at the same time broadleaves play an ever-increasing part in current planting plans for Scotland.

The Working Woods Scotland course is a three-day training event that brings together professionals from across the homegrown Scottish hardwood (and premium softwood) industry. The course content covers all aspects of the industry, teaching participants silvicultural practices for growing hardwoods for timber; grading and valuing standing trees, round logs, and sawn boards; timber processing practices (such as sawing and kilning); and finding markets for hardwood timber and timber products.

The course is also designed to help build links with other professionals in the sector, increasing mutual understanding and encouraging trade and collaboration across the industry.

This project will be concluded in September 2024.

Awards

The Scottish Woodlands Student Excellence Award, which is given in recognition of a high quality, relevant piece of work produced by a Trust supported student. The award is a cash sum of £400. In 2023-2024, The Scottish Forestry Trust awarded two Scottish Woodlands Student Excellence Awards such was the calibre of the submissions,

- Flora Donald of University of Cambridge for her work on modelling the impact of *Phytophthora austrocedri* on UK populations of native juniper (*Juniperus communis*)
- Heather Dun of University of Oxford for her work on the epidemiology of *Phytophthora ramorum* on *Larix* species and host responses to infection.

Financial review

Financial information

During the year the Trust's income amounted to £119,084 (2022-2023: £108,731). After deduction of expenses, and before realised and unrealised gains on investments, the net expenditure amounted to £5,704 (2022-2023: £35,832). The market value of investments has increased over the year from £2,970,076 to £3,229,774 (excluding cash).

Investment policy

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

At the end of the year, the investment portfolio, which is managed by Brewin Dolphin, was valued at £3,229,774. Brewin Dolphin continue the diversification of the investments globally and into assets such as fixed interest and absolute return funds; these are expected to bear fruit in the longer term.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2024 (Cont'd)

Over the year, the sum of £84,732 was received in income, an amount deemed appropriate by the Trustees based on a conservative approach given ongoing market uncertainties.

Risk Management

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

There are three main risk areas: -

Financial – The Trustees consider variability of investment returns on our portfolio as the most critical risk and in response to that, the Trust has a formal “Investment Policy Statement” (IPS) with our Investment Managers with which we review the basis of how our investment portfolio is being managed with due consideration to the Trust’s aims and objectives. The IPS is reviewed by Trustees every three years and was formally reviewed in late 2020 and from 1st April 2021 a new approach has been taken to managing the funds (Total Investment Approach). Trustees also formally consider the annual target income level, and in 2021-2022 this was set at £85,200 (£7,100 per month), taking into account the performance benchmarks used and the level of risk that Trustees are prepared to accept in terms of our managed investment portfolio. Trustees regularly take professional advice from their investment advisers regarding the market outlook, investment trends and yield and the prospects for future capital growth. Brewin Dolphin Ltd manages the Trust’s investment portfolio.

Reputational – It is important to the Trust that high quality standards are upheld in both the applications and progress reports we receive so that our reputation as an organisation that supports authoritative research is maintained. To that end, we provide full application details and guidance notes on our website and give applicants clear guidance as to what to do following approval and particularly if there are problems with delivery of the project. As a result, the failure rate of approved projects is minimised. The Trust has an active responsible investment policy, and our funds are not invested in any company that promotes pornography or where the principal business is in tobacco or weapons manufacturing or in companies where there has been evidence of controversies relating to deforestation or permanent removal of natural forests. As of April 2022, the Trustees are also satisfied that there are no investments in companies that actively operate in or have a connection to Russia.

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

Personnel – The Trust is only able to maintain the quality of its services through the tireless hard work of the Trustees and in particular, the work of the Trustees who form the Projects and Research Committee. Up until 2021 Trustees would normally serve for a period of ten years and we have ensured that at no time do more than two Trustees retire in any one year so that we can maintain continuity of expertise. From April 2021 this has changed to two terms of 6 years and the trust Rules have been adjusted to reflect this. In addition, the Director and Chair of the Trust will not leave post at the same time so that business continuity can be maintained at all times.

In January 2024, Executive Director Amanda Bryan MCFFor tendered her resignation but agreed to serve a six month notice period on reduced hours to enable the Trust to recruit a replacement Executive Director with a planned handover period.

In December 2023, Dr K Kirby FCIEEM FICFor stood down as Chair of the Projects and Research Committee. Dr H McKay OBE FICFor CEnv, assumed the role of Chair of the Projects and Research Committee from 1 January 2024.

Reserves Policy

Grants are paid out of investment and other income after deduction of administrative expenses. Revenue surpluses brought forward from previous years are available if there is a shortfall.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2024 (Cont'd)

Trustees have reviewed the need for a formal reserve and have concluded that it would be prudent to hold a cash reserve of £30,000, being the sum required to maintain the functioning of the Trust for a period of one year. Any outstanding payments to approved projects would be paid from unrestricted capital funds should there be a significant shortfall.

Plans for the Future

Trustees are committed to securing the long-term future for the Trust in order that it can continue supporting research, education and training in UK forestry in accordance with its objectives. During the year, financial commitments have been made to new projects totalling £63,856 which added to existing commitments brings the forward commitments to £173,806 and this sum will progressively be disbursed over the next five financial years. Careful management of the Trust's portfolio supplemented by additional fundraising activity will ensure that we are able to meet these obligations.

Recognising that pressures on research budgets are intense whilst the demand for research, education and training in forestry increases, Trustees are conscious that demand for funds from the Trust is likely to increase in the coming years. With that in mind, we will continue to strive to generate additional income from other private sources over the coming years, including where possible, projects which offer the prospect of shared future Intellectual Property rights. We will also continue to seek strategic alliances with other organisations, in much the same way as we have with the Forestry Commission, Scottish Forestry and Natural Resources Wales, Scottish Woodlands Ltd, Tilhill and James Jones & Sons in order to deliver our Bursary Award and other funding schemes.

Structure, Governance and Management of the Trust

The Scottish Forestry Trust is a charitable trust (Registered Charity No. SC008465) and was established in 1983 by the generous gift of share capital of the Scottish Woodland Owners Association Ltd (SWOAC). In June 1986, the Trustees of the Scottish Forestry Trust received an offer from the management of SWOAC to purchase the shareholding and in December 1986, the Trust received a cash sum of £1.52 million, which has since been invested to produce an annual income. The inclusion of the word 'Scottish' in the Trust's name reflects the source of the original funding from Scotland's Woodland Owners Association who were happy for the Trust's remit to cover the whole of the UK.

Trustees are currently appointed for a period of three years with an option to renew for a further three years depending on individual circumstances (Trustees appointed before 2021 are appointed for five, plus five years). Continuity of expertise is important to the Trust and so appointments and hence retirements are staggered to ensure that experience and historical knowledge is retained for as long as possible.

In replacing Trustees, care is taken to replicate skillsets in so far as is possible, in order to retain the breadth of knowledge necessary to deliver our funding support consistent with our Deeds.

During 2023 the Trust has taken steps to establish a new entity The Scottish Forestry Trust SCIO (Registered Charity No SC053147). It is intended that from July 2024 all Trustees, employees, assets and liabilities of the Scottish Forestry Trust will transfer to The Scottish Forestry Trust SCIO. After this time The Scottish Forestry Trust will be wound up and will cease to be a registered charity.

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

The Board of Trustees has the sole power to make decisions for the Trust. Full meetings of the Trustees are held three times per year. The Director is responsible directly to the Chair for the day-to-day organisation and management of the Trust's business. In appointing Trustees, attention is paid to experience, gender and to maintaining a balance on the Board among landowners, forestry owners, processor representatives, economics expertise, and professional forestry, investment and academic expertise.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2024 (Cont'd)

This balance has worked well in formulating objectives and reaching decisions appropriate to these objectives as well as providing experience and expertise necessary to the effective operation of the Trust.

At the Trustees' meetings, the Trustees agree the broad strategy and areas of activity for the Trust including consideration of recommendations for grant approvals, investment policy, risk management, marketing and promotion planning, and general performance. Trustees give freely of their time. In the case of the Chair and members of the Projects and Research Committee, this is in the region of ten days per person each year, and no Trustee remuneration was paid during the year, although out of pocket expenses to attend meetings was reimbursed.

Biographical notes on the Trustees active during the year can be found on the Trust's website at www.scottishforestrytrust.org.uk/about-the-trust.asp.

The Trust reviewed its Rules in 2020 and new Rules apply from April 2021.

From July 2024 the business of The Trust will be transferred to The Scottish Forestry Trust SCIO (Registered Charity No: SC053147)

Key Management Personnel Remuneration

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

The Trust's Executive Director is the sole part-time employee and full disclosure of salary is given in note 7 to the financial statements. Pay levels are considered at Trustees meetings on an annual basis and decisions are made on the appropriate level of pay for the coming year. We contract with CT (Chiene and Tait LLP) to provide payroll services on behalf of the Trust.

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

Statement of Trustees' Responsibilities:

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities

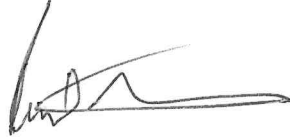
Accounts (Scotland) Regulations 2006 (as amended) and the requirements of the charity's trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2024 (Contd.)

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Trustees



Paul Atkinson
Chair of Board of Trustees

Date: 5.12.2024

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

Opinion

We have audited the financial statements of The Scottish Forestry Trust (the 'charity') for the year ended 31 March 2024, which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2024 and of its incoming resources and application of resources, including income its and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Other information (continued)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

Auditor's responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Requesting and reviewing any available correspondence with OSCR;
- Review of minutes of board meetings throughout the period;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements; employment law (including the Working Time Directive); and compliance with Scottish charity legislation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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

CT is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

The Scottish Forestry Trust

STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 March 2024

	Notes	Restricted Funds £	Unrestricted Funds £	2024 Total £	Restricted Funds £	Unrestricted Funds £	2023 Total £
Income and endowments from							
Donations, grants and legacies	2	19,371	11,670	31,041	22,393	4,811	27,204
Investments	3	-	88,043	88,043	-	81,527	81,527
Total income		<u>19,371</u>	<u>99,713</u>	<u>119,084</u>	<u>22,393</u>	<u>86,338</u>	<u>108,731</u>
Expenditure on							
Raising funds:							
Investment management costs		-	18,547	18,547	-	18,865	18,865
Promotion costs		-	3,737	3,737	-	3,477	3,477
Charitable activities:	4						
Research		41,122	32,588	73,710	24,977	84,855	109,832
Education		-	18,001	18,001	-	8,878	8,878
Training		-	10,792	10,792	-	3,511	3,511
Total expenditure		<u>41,122</u>	<u>83,666</u>	<u>124,788</u>	<u>24,977</u>	<u>119,586</u>	<u>144,653</u>
Net (expenditure) before gain/(loss) on investments		<u>(21,751)</u>	<u>16,047</u>	<u>(5,704)</u>	<u>(2,584)</u>	<u>(33,248)</u>	<u>(35,832)</u>
Net gain/(loss) on investment assets	9	-	273,217	273,217	-	(237,697)	(237,697)
Net income/ (expenditure) and net movement in funds		<u>(21,751)</u>	<u>289,264</u>	<u>267,513</u>	<u>(2,584)</u>	<u>(270,945)</u>	<u>(273,529)</u>
Reconciliation of funds							
Total funds brought forward		65,493	2,931,234	2,996,727	68,077	3,202,179	3,270,256
Total funds carried forward		<u>43,742</u>	<u>3,220,498</u>	<u>3,264,240</u>	<u>65,493</u>	<u>2,931,234</u>	<u>2,996,727</u>

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

The notes on pages 22 to 31 form part of these financial statements.

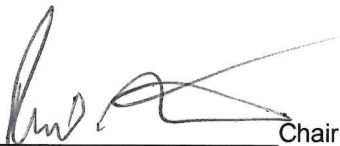
The Scottish Forestry Trust

BALANCE SHEET

As at 31 March 2024

	Notes	2024 £	2023 £
Fixed Assets			
Tangible assets	8	134	268
Investments	9	3,229,774	2,970,076
		<u>3,229,908</u>	<u>2,970,344</u>
Current Assets			
Debtors	10	3,691	3,522
Bank	11	214,319	213,320
		<u>218,010</u>	<u>216,842</u>
Creditors: amounts falling due within one year	12	<u>(76,030)</u>	<u>(89,927)</u>
Net current assets		<u>141,980</u>	<u>126,915</u>
Total assets less current liabilities		3,371,888	3,097,259
Creditors: amounts falling due after more than one year	13	<u>(107,648)</u>	<u>(100,532)</u>
Net assets		<u><u>3,264,240</u></u>	<u><u>2,996,727</u></u>
Represented by:			
Restricted funds	14	43,742	65,493
Unrestricted funds	14	3,220,498	2,931,234
		<u>3,264,240</u>	<u>2,996,727</u>

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


 _____ Chair
 Paul Atkinson

The notes on pages 22 to 31 form part of these financial statements

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. Accounting Policies

General Information

The Scottish Forestry Trust is a charitable trust registered in Scotland. The address of the registered office is given in the administrative information on page 4 of these financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these financial statements. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition – October 2019) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Trust constitutes a public benefit entity as defined by FRS 102. The financial statements are presented in sterling which is the functional currency of the charity rounded to the nearest pound.

In common with many other charities of our size and nature the Trust uses its auditors to assist with the preparation of the financial statements

Going concern

The financial statements have been prepared on a going concern basis. The Trustees have assessed the Trust's ability to continue as a going concern and have reasonable expectation that the Trust has adequate financial resources to continue in operational existence for the foreseeable future. The Trustees believe there are no material uncertainties related to any events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Funds structure

The Trust has a General Fund, which is split between capital and revenue. Under the Trust Deed, the Trustees are empowered to use both capital and revenue for any of the purposes of the Trust and to accumulate revenue. This is modified by the Trust rules to require the Trustees not to so deplete capital that the Trust cannot act properly as a charitable organisation. In addition, the Trust has two restricted funds. The first includes grants received from the Forestry Commission to be used to assist with funding a bursary award scheme. The second includes donations received from Tilhill/QBE for assisting projects that research reducing risks in forestry establishment and management. These funds can be used for no other purpose.

Tangible fixed assets

Tangible fixed assets are capitalised at cost. Assets below £100 are not capitalised in the balance sheet.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Office equipment - 20%

Investments

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

The main form of financial risk faced by the Trust is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2024

1. Accounting Policies (contd.)

Realised gains and losses

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

Income recognition

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

Investment income

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

Donations and legacies

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

Grant income

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

Expenditure recognition

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

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

Grants

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

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

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2024

1. Accounting Policies (contd.)

Expenditure allocation

Where possible, expenditure has been charged direct to charitable expenditure, cost of raising funds or governance costs. Where this is not possible the expenditure has been allocated on the basis of time spent by staff on each activity.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.
- Costs of raising funds comprise investment management fees and promotion costs.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Value Added Tax

The Trust is not registered for Value Added Tax and accordingly expenditure is stated gross.

Financial instruments

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

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

2. Donations, grants and legacy income	2024	2023
	£	£
Donations	3,641	4,811
Legacies	10,000	-
Government Grants – Scottish Forestry	17,000	22,393
Other Grants	400	-
	<u>31,041</u>	<u>27,204</u>

3. Income from investments	2024	2023
	£	£
Investment income:		
UK listed investments	84,732	80,609
Interest on cash deposits	3,192	918
Royalty payments	119	-
	<u>88,043</u>	<u>81,527</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2024

4. Expenditure on charitable activities	Grant funding £	Support costs £	2024 £	2023 £
Education	11,142	6,859	18,001	8,158
Research	41,922	31,788	73,710	105,368
Training	10,792	-	10,792	8,636
	<u>63,856</u>	<u>38,647</u>	<u>102,503</u>	<u>122,162</u>
5. Grant funding - project grants awarded	Restricted Funds £	Unrestricted Funds £	2024 Total £	2023 Total £
Education				
Pilot Initiative to Inspire future foresters via	-	5,000	5,000	-
Creating Canopy	-	1,198	1,198	-
HIRP Conference	-	-	-	(660)
Developing an easier route to strength grading of UK	-	934	934	-
Voices of the Forest Reprint	-	-	-	2,500
Research				
Sitka Spruce Colonisation of Treeline in Scotland	26,826	-	26,826	-
St Andrews University	1,685	-	1,685	-
Hardwoods	-	-	-	35,001
Balancing benefits and trade-offs from future forests	-	-	-	26,608
The Economic and Social Benefits of Native Woods	-	-	-	7,474
Early Career Researchers Conference	-	-	-	296
Efficiency of One Way Hare Structures in Woodland Areas	-	-	-	3,360
Quantifying the Magnitude and Duration of Tree Water Stress	-	-	-	6,778
Environmental Impact of Horse Logging in the UK	-	-	-	731
Addressing uncertainty to improve urban tree management	-	-	-	1,300
Dynamic conversation of genetic diversity in juniper	12,611	-	12,611	(6,144)
Working Woods Scotland Course	-	-	-	5,125
Training				
Working Wood for Foresters Training Course	-	3,392	3,392	3,511
Small Scottish Tree Nurseries	-	5,400	5,400	-
Working Woods Scotland 2024	-	2,000	2,000	-
	<u>800</u>	<u>4,010</u>	<u>4,810</u>	<u>400</u>
	<u>41,922</u>	<u>21,934</u>	<u>63,856</u>	<u>86,280</u>

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

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2024

6. Allocation of support costs

Support costs are allocated on the basis of estimated time spent on each activity and are shown in the table below:

Support and governance costs	Cost of raising funds £	Charitable activity - Education £	Charitable activity - Research £	2024 Total £
Employment costs	2,433	3,649	18,247	24,329
Pension costs	135	202	1,010	1,347
Office costs	530	795	3,975	5,300
Trustees' expenses & meeting costs	246	369	1,847	2,462
Payroll	94	141	704	939
Bank charges	15	22	111	148
Professional fees	242	363	1,817	2,422
Website	29	44	219	292
Depreciation	13	20	101	134
Governance costs				
Audit fee	-	1,254	3,757	5,011
	<u>3,737</u>	<u>6,859</u>	<u>31,788</u>	<u>42,384</u>
Support and governance costs	Cost of raising funds £	Charitable activity - Education £	Charitable activity - Research £	2023 Total £
Employment costs	2,315	3,474	17,363	23,152
Pension costs	51	76	381	508
Office costs	562	842	4,210	5,614
Trustees' expenses & meeting costs	242	363	1,815	2,420
Payroll	119	179	896	1,194
Bank charges	22	33	164	219
Professional fees	132	198	990	1,320
Website	21	31	156	208
Depreciation	13	20	101	134
Governance costs				
Audit fee	-	1,162	3,488	4,650
	<u>3,477</u>	<u>6,378</u>	<u>29,564</u>	<u>39,419</u>

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

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2024

7. Staff costs	2024	2023
	£	£
Director's salary	24,330	23,152
Social Security costs	-	-
Pension cost	1,345	508
	<u>25,675</u>	<u>23,660</u>
	No.	No.
The average number of employees during the year was:	<u>1</u>	<u>1</u>

No employee received emoluments over £60,000.

Total remuneration paid to key management personnel in the year was £25,675 (2023: £23,660).

8. Fixed Assets	Office Equipment
	£
Cost	
At 1 April 2023 & 31 March 2024	<u>670</u>
Depreciation	
At 1 April 2023	402
Charge for the year	134
At 31 March 2024	<u>536</u>
Net Book Value	
At 31 March 2024	<u>134</u>
At 31 March 2023	<u>268</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2024

9. Investments	2024	2023
	£	£
Market value at 1 April	2,970,076	3,130,392
Additions at cost	1,389,452	491,717
Disposal proceeds	(1,402,971)	(414,336)
Net loss on investments	273,217	(237,697)
	<u>3,229,774</u>	<u>2,970,076</u>
Market value at 31 March	<u>3,229,774</u>	<u>2,970,076</u>
	<u>2,684,730</u>	<u>2,668,808</u>
Historical cost at 31 March	<u>2,684,730</u>	<u>2,668,808</u>

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

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

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

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

10. Debtors	2024	2023
	£	£
Accrued income	3,691	3,522
	<u>3,691</u>	<u>3,522</u>
11. Bank	2024	2023
	£	£
Operating accounts	184,940	177,657
Capital accounts with investment manager	29,379	35,663
	<u>214,319</u>	<u>213,320</u>
12. Creditors due within one year	2024	2023
	£	£
Other creditors	66,158	79,415
Accruals	9,872	10,512
	<u>76,030</u>	<u>89,927</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2024

13. Creditors due after more than one year	2024	2023
	£	£
Other creditors	107,648	100,532
	<u>107,648</u>	<u>100,532</u>

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

	2024	2023
	£	£
Due within one year	66,158	79,415
Due between one and two years	84,308	45,231
Due between two and five years	23,340	55,301
	<u>173,806</u>	<u>179,947</u>

14. Movement in Funds

	Balances at					Balances at
	1 April	Incoming	Outgoing	Investment	Transfers	31 Mar
	2023	Resources	Resources	gains		2024
	£	£	£	£	£	£
Restricted funds						
Bursary Award Scheme	54,739	19,371	(41,122)	-	-	32,988
Tilhill/QBE Fund	10,754	-	-	-	-	10,754
	<u>65,493</u>	<u>19,371</u>	<u>(41,122)</u>	<u>-</u>	<u>-</u>	<u>43,742</u>
Unrestricted funds						
Revenue fund	-	-	(64,984)	-	64,984	-
Capital fund	2,931,234	99,713	(18,681)	273,217	(64,984)	3,220,498
	<u>2,931,234</u>	<u>99,713</u>	<u>(83,665)</u>	<u>273,217</u>	<u>-</u>	<u>3,220,498</u>
	<u>2,996,727</u>	<u>119,084</u>	<u>(124,788)</u>	<u>273,217</u>	<u>-</u>	<u>3,264,240</u>

Restricted funds include a grant received from the Forestry Commission to be used to assist with funding The Bursary Award Scheme, and donations from Tilhill/QBE for assisting projects that research reducing risks in forestry establishment and management. Scottish Woodlands also provided £400 sponsorship of the Student Excellence Award for 2020/21 which was awarded in year.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2024

Note 14 continued

	Balances at 1 April 2022 £	Incoming Resources £	Outgoing Resources £	Investment losses £	Transfers £	Balances at 31 Mar 2023 £
Restricted funds						
Bursary Award Scheme	57,323	22,393	(24,977)	-	-	54,739
Tilhill/QBE Fund	10,754	-	-	-	-	10,754
	<u>68,077</u>	<u>22,393</u>	<u>(24,977)</u>	<u>-</u>	<u>-</u>	<u>65,493</u>
Unrestricted funds						
Revenue fund	-	-	(100,587)	-	100,587	-
Capital fund	3,202,179	86,338	(18,999)	(237,697)	(100,587)	2,931,234
	<u>3,202,179</u>	<u>86,338</u>	<u>(119,586)</u>	<u>(237,697)</u>	<u>-</u>	<u>2,931,234</u>
	<u>3,270,256</u>	<u>108,731</u>	<u>(144,563)</u>	<u>(237,697)</u>	<u>-</u>	<u>2,996,727</u>

15. Analysis of Net Assets between funds

Restricted	Revenue Funds £	Capital Fund £	Fund £	Total £
Fixed Assets	-	-	134	134
Investments	-	-	3,229,774	3,229,774
Current assets	193,127	30,143	(5,260)	218,010
Current liabilities	(49,143)	(22,737)	(4,150)	(76,030)
Liabilities due after more than one year	(100,242)	(7,406)	-	(107,648)
Total net assets	<u>43,742</u>	<u>-</u>	<u>3,220,498</u>	<u>3,264,240</u>

2023

	Restricted Funds £	Revenue Fund £	Capital Fund £	Total £
Fixed Assets	-	-	268	268
Investments	-	-	2,970,076	2,970,076
Current assets	134,473	116,710	(34,341)	216,842
Current liabilities	(20,792)	(64,366)	(4,769)	(89,927)
Liabilities due after more than one year	(48,188)	(52,344)	-	(100,532)
Total net assets	<u>65,493</u>	<u>-</u>	<u>2,931,234</u>	<u>2,996,727</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2024

16. Related party transactions

Ralland Browne, a Trustee, is a member of the Board of Directors of Confor. The Trust rents office accommodation, receives administrative support from the Confederation of Forest Industries (UK) Limited (Confor) of £2,798 (2023: £3,772). The trust also paid £5,753 as project expenditure to the Confor. At the year end there were no amounts due from or to Confor (2023; none)

Helen McKay, a Trustee, is part of senior management at Scottish Forestry. The Trust received £17,000 (2023: £22,393) Partner funds from Scottish Forestry. At the year end there were no amounts outstanding from Scottish Forestry. At the year end there were no amounts due from Scottish Forestry (2023; none)

Helen McKay is a honorary fellow of Forest Research. During the year the Trust paid £12,440 project contributions to projects led by Forest Research. At the year end there were no amounts due to Forest Research (2023; none)

During the year, the trustees received no remuneration, 6 trustees (2023: 7 trustees) received reimbursed expenses totalling £1,212 (2023: £1,678). These expenses were incurred in respect of travel and subsistence while attending Trustees' meetings.

17. Financial Instruments

	£	£
Assets recognised at fair value through profit & loss	3,229,774	970,076
Assets measured at fair value through profit and loss comprise investments		

18. Operating Lease Commitments

	2024
	£
Due within one year	2,759
Due after one year	920
	<hr/>
	3,679
	<hr/> <hr/>

19. Post balance sheet events

On 31 July 2024, the Trust transferred all its assets and liabilities to The Scottish Forestry Trust SCIO (SC053147).