



Report and Financial Statements

Year ended 31st March 2023

Charity No. SC008465

www.scottishforestrytrust.org.uk

The Scottish Forestry Trust

For the year ended 31 March 2023

Chairman's Foreword

During the year, Dr Bob McIntosh retired as Chair of the Scottish Forestry Trust. As the new Chair, I would like to thank Bob for his unstinting support of the Trust and his stewardship and leadership during both great and challenging times, including navigating the challenges of the pandemic.

Since Bob's retirement, we have added three new Trustees including Dr Ian Willoughby, Trefor Owen (our first trustee from Wales in many years) and Professor Adam Kleczkowski. We are very pleased to welcome our new Trustees in support of our work at the Trust.

We are still experiencing some Covid related challenges, particularly with Bursary projects experiencing delays given they have been unable to complete field-based research. However, during the last period we have been able to distribute funds to the value of £51,137 in support of existing projects and we approved funding of £91,384 in support of 10 new projects. We also held a Funding Webinar, which has resulted in an immediate increase of new applications, which we will provide a further update for the next period.

2023 is also the 40th Anniversary for the Scottish Forestry Trust, for which we created a special award for education and outreach. We had many strong contenders, resulting in two winners, Royal Scottish Forestry Society for their work at the Cashel Forest Centre and the Scottish Council for Development and Industry's Young Engineers and Scientists Clubs team along with Confor who we also presented with an award for their Climate Smarter/Inspiring Future Foresters Initiative. There are a number of other activities planned to mark the 40th Anniversary of the Trust which will take place later in 2023.

We have also established a new partnership with James Jones and Sons and from 2023 we will be providing a new UK/Australia Graduate research Bursary. This will enable a recent graduate to undertake a short forestry and timber related research project in Australia bringing best practice back to the UK.

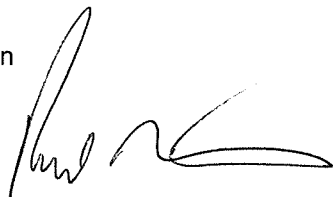
During the year we changed our banking arrangements to Hampden Bank, with much improved access and efficiency from their digital banking service, making the fund transfer and authorisation process faster and at the same time more secure. We have also implemented new payroll arrangements.

Since our last report in March 2022, global financial markets have remained challenging with a combination of a correction in technology markets coupled with the uncertainty created by the war in Ukraine. As a result, our investment portfolio, managed by RBC Brewin Dolphin suffered a reduction in value again, but is still valued at £3,005,738, including cash held by the manager. However, our portfolio delivered an improved income of £80,609 for the period (excluding capital). The Trust also maintains a significant cash balance, which is being managed to make best use of today's increased interest rates.

We have increased the media profile of the Trust with the launch of our LinkedIn profile as well as having articles about our work published in Trees, Scottish Forestry and FTN magazine.

Finally, huge thanks to Amanda Bryan and all my fellow Trustees for their support and guidance in achieving so much in the last year. I look forward to building on our achievements in the coming year with so many important objectives and opportunities to progress.

Prof. Dr. Paul Atkinson



The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2023

Reference and administrative information

Trustees

Dr R McIntosh FICFor, Chair (Retired 31 December 2022)

Prof Dr P Atkinson, Chair from 1 January 2023

Dr K Kirby FCIEEM FICFor, Chair of the Projects and Research Committee

Dr H McKay FICFor, Member of the Projects and Research Committee

A R Browne FICFor

E Balfour

Prof David Burslem, Member of the Projects and Research Committee

T Liddon FICFor, Member of the Projects and Research Committee

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

Prof J Pendlebury MICFor

Prof A Kleczkowski FIMA (Appointed 1 January 2023), Member of the Projects and Research Committee

T Owen FICFor (Appointed 1 January 2023)

Dr I Willoughby FICFor (Appointed 1 January 2023)

Director

A Bryan MICFor

Registered Office

59 George Street, Edinburgh, EH2 2JG

Website

www.scottishforestrytrust.org.uk

Charity Number: SCO08465

Auditors

Chiene + Tait LLP (Trading as CT), Chartered Accountants & Statutory Auditor, 61 Dublin Street, Edinburgh, EH3 6NL

Bankers

Adam & Company, 25 St Andrew Square, Edinburgh, EH2 1AF (until September 2022)

Hampden & Co, 9 Charlotte Square, Edinburgh, EH2 4DR (from August 2022)

Legal Adviser

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

Investment Managers

RBC 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 £4,811 during the year. Thanks to C Weir/ Earthshot Foundation, A.Gunn, RD Macleod and T Penlington for their support.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2023 (Contd.)

The Trustees present their report and the audited financial statements of The Scottish Forestry Trust for the year ended 31 March 2023. 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 <http://www.scottishforestrytrust.org.uk/applications.asp>

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

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

Activities and Achievements

The Trust is celebrating its 40th anniversary in 2023 as it was founded in 1983. A series of activities are planned 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. There were two joint winners of this Award – the Royal Scottish Forestry Society for Cashel Forest Centre and the Scottish Council for Development and Industry's YESC team and Confor for the Climate Smarter Schools Initiative.

A full list of projects supported since the Trust started providing grant aid in 1986 is provided on our web site <http://www.scottishforestrytrust.org.uk>. The current portfolio of projects, as reported later, continues to be strong and varied in content. This always places considerable pressure on the Trust's resources, and we are particularly grateful to the Forestry Commission, Scottish Forestry and Natural Resources Wales (and their predecessor bodies), who have provided financial support to enable us to assist PhD and MPhil/ MRes students through our Bursary Award Schemes and to Tilhill Forestry and QBE Business Insurance for providing additional resources to support research into reducing risks in forest and woodland establishment. This year we also entered into a partnership with James Jones and Sons to offer a new UK/ Australia Graduate Bursary although no award was made this year.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2023 (Contd.)

We continued to update our website through which we disseminate project updates and summaries of recently completed projects. Our e-newsletters continue to be a regular feature and are available to those who sign up to receive it through our website. We have also become active on LinkedIn this year and continue to grow our Twitter (@ForestryTrust) following which now sits at just over 700.

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 £51,137 on staged payments to projects where commitments had already been made, this is down on previous years and what had been predicted largely due to delays in payments to Bursary projects as many students had to extend their studies due to delayed access to labs and field work during COVID-19 restrictions. With activity picking up post pandemic we were able to approve future commitments of £91,384 towards ten new projects and an additional £1,300 towards an existing project. We also reduced funding for two projects by a total of £6,804 due to changes in these projects. Many projects continue to have their payment calendars reprofiled in year due to a combination of COVID and other impacts and future commitments now total £179,947 with payments to them now continuing to 2028.

Trustees are pleased with the progress achieved during the year, particularly on new projects, even in light of reduced payments related to delays in project delivery, as the following project updates clearly demonstrate.

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

Completed Projects

Use of Trees by Bats: Implications for Forestry Management (Dr Lauren Harrington)

That bats use tree roosts is well known, but what appears to be under-appreciated is that bats are often found in 'roosts' in very small 'weedy' trees that foresters may consider unworthy of investigation. This clearly has huge implications for forestry practice. This award will allowed the researchers to analyse the Bat Tree Habitat Key (BTHK) data (an open source database contributed to by bat ecologists across the country) to describe the types of trees (species, size, characteristics) and tree features (entrance size, tree position) used by bats as roosts. The research findings would indicate that bats use a much greater diversity of trees and woody shrubs at smaller diameters than had previously been thought. This presents both a challenge and an opportunity for forestry and the findings are in the process of being published.

The project was completed in late Spring 2022.

HIRP Conference (Confor on behalf of HIRP)

The *Hylobius* Industry Research Partnership Conference provided an industry update on the current *Hylobius* control options available to forest managers, an overview of the research and trials currently underway and those planned which look at alternatives to the current main control method (of acetamiprid applications), discuss the FSC pesticide policy and the requirements outlined in the acetamiprid ESRA, as well as introducing the SFT *Hylobius* Research Fund.

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Report of the Trustees for the year ended 31 March 2023 (Contd.)

The event which took place in April 2022 highlighted the constraints which current *Hylobius* control methods pose to the sector and encourage funding and support into finding alternative controls, particularly through contributions to the SFT *Hylobius* Research Fund. Attendance at the event was higher than expected with costs being lower than anticipated meaning the SFT funding was not required. A total of £660 was decommitted.

Voices of the Forest Reprint (Birlinn Publishing)

The purpose of this project was to support a reprint of 'Voices of the Forest' which was originally supported by SFT. This book, first published in 2016, tells the fascinating story of the human side of Scottish forestry, drawing heavily on the thoughts, experiences and reflections of over 120 individuals from all levels and sectors of the industry as it developed over the last 100 years. The book is in full colour throughout, with 230 images, 15 maps, and is 360 pages in length, including a detailed index. It was well received, and the first print run of 1000 copies sold out in 2018, i.e. over a period of three years. This reprint has ensured that the book is again available for the public to buy.

This project was completed in its year of approval with the book reprinted and available from August 2022.

Ongoing Projects

Improving Biodiversity in Lowland Planted Woodlands (Falkland Stewardship Trust)

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

This project has been extended and is now due for completion in 2023.

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

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

The project is due for completion in mid 2023.

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 slightly to take account of a three-month industrial placement and will conclude in 2024/25.

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Report of the Trustees for the year ended 31 March 2023 (Contd.)

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 will conclude in 2025.

Assessing Uncertainty to Improve Urban Tree Management (University of Southampton)

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

This project has been extended and was awarded an additional £1,300 in year by SFT and will now conclude in late 2023.

Wild Service (*Sorbus torminalis*) Provenance Trial (Woodland Heritage)

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

The project will conclude in 2023.

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.

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Report of the Trustees for the year ended 31 March 2023 (Contd.)

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

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

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

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

This year in spite of good progress with the research, the previous Bursary student left the project for personal reasons. Subsequently the project was modified to enable a new MPhil student to be recruited. The funds provided by SFT were reduced by £6,144 and a new end date of late 2023 is planned.

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.

Pilot Initiative to Inspire Future Foresters via STEM Activity in Schools (Confor and SCDI)

This partnership initiative between Confor and the Scottish Council for Development and Industry (SCDI) will expose young people to the range of opportunities that exist within the forestry and timber technologies sector via STEM club activity in schools. The pilot is planned to last 3 years in the first instance and will target 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 over 1600 primary and secondary schools across Scotland via their Young Engineers and Science Clubs and they 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 new sponsorship.

The project will conclude in 2024.

Nutrient Cycling in Upland Forest Soils (University of Middlesex transferred to QMUL)

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 is due to complete in 2023.

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Report of the Trustees for the year ended 31 March 2023 (Contd.)

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.

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.

New Projects

Working Woods Scotland Course (2022-2023) (ASHS)

The Working Woods Scotland (WWS) Course is a 3-day training event that brings together professionals from across the homegrown Scottish Hardwood (and premium softwood) industry; from foresters and woodland managers, to sawmillers and woodworkers. WWS course content covers all aspects of the industry, teaching attendees about silvicultural practices for hardwood production, grading and valuing standing timber and round logs, hardwood processing (such as milling and kilning practices), and finding a market for your hardwood timber products. The course is also designed to help build links with other professionals in the industry, increasing mutual understanding and encouraging trade and collaboration across the industry to its (and their individual businesses) benefits. Funding will be split over 2 years to help fund the WWS courses that are scheduled to run in Autumn 2022, and 2023.

This project is scheduled to complete in 2023.

The Economic and Social Benefits of Native Woods (Community Woodlands Association)

The project will work with 4 Scottish community woodland groups who own or manage native woodlands to develop a suite of case studies which identify and showcase the economic and social benefits delivered by current and planned management operations.

In addition to highlighting the specific benefits of native woodlands for their respective communities, the project is intended to: (1) facilitate greater awareness of the potential economic and social benefits of native woodland management; (2) increase understanding of the role and value of community woodlands amongst decision-makers across a wide range of agendas; (3) provide effective promotional tools for the community woodland sector, increasing individuals' awareness of the value of both woodlands and community ownership.

The project is scheduled to complete in 2023.

Developing 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 Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2023 (Contd.)

The project is scheduled to complete in 2027.

Early Career Researcher's Conference Bursary Scheme (Scottish Forestry Trust – Various)

The Trustees have developed a new targeted scheme to provide support for conference attendance by recently qualified forestry researchers (those with fewer than 4 years post-doctoral experience, or for non-doctoral staff fewer than 7 years post-graduate experience) who are employed in UK research institutes. 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 2022/23 to Kadiatou Schiffer-Forsyth (Forest Research/ University of Edinburgh) to attend 12th International Congress of Plant Pathology (ICPP), 20th – 25th August 2023 in Lyon, France Forest pathology field trip (satellite event of ICPP) 18th August 2023 in Lyon, France 4th European Conference on Xylella fastidiosa (satellite event of ICPP) 19th August 2023 in Lyon, France.

This Scheme is ongoing until further notice.

Efficacy of One Way Hare Structures in Woodland Areas (Scottish Woodlands)

This project aims to investigate the effectiveness of one-way structures in allowing hares to escape from fenced woodland enclosures. This will be done through implementing innovative exit structures to allow for the safe passageway of hares, and to subsequently monitor the use of the structures by hare species through the implementation of camera traps. This will allow for a greater insight into the behaviour of hare species, and into the practicality of exit structures in protecting newly planted trees against hare damage. Furthermore, this will set a precedent for greater research into more effective alternatives to hare management within the forestry industry.

This project is scheduled to complete in 2023.

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. 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.

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 2026/27.

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Working Woods for Foresters Course (Institute of Chartered Foresters with ASHS)

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. It will bring together a group of participants from across the sector and promote knowledge sharing and networking.

The content is based on a highly successful three-day course run several times by ASHS for a wider range of professionals; in targeting forest managers, the course will focus on key aspects of silvicultural management for managing broadleaf woodland for timber. This will help delegates capitalise on the increasing opportunities for hardwood production, diversify their practice and grow a network of colleagues to collaborate with.

This project is scheduled to complete in 2023.

Environmental Impact of Horse Logging in the UK. (Christina Jackson-Szczyrbowski - Centre for Alternative Technology & Liverpool John Moores University)

Support is being 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 looks 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. Themes will emerge from the data which will provide insight into the practice and could potentially highlight UK specific sustainability considerations for the future of forestry operations within the UK.

This project is scheduled to complete in 2023.

Awards

In 2011 we introduced two new awards. The Scottish Woodlands Student Excellence Award, which is given in recognition of a high quality, relevant piece of work produced by a Trust supported student. The award is a cash sum of £400. Secondly, the Dr Cyril Hart Memorial Award is awarded to recognise the most relevant, informative and well written paper, book or work, which has significant impact on silvicultural practice. This year we presented the Dr Cyril Hart Memorial Award for papers published in 2020 and 2021.

The winner of the Dr Cyril Hart Memorial Award for 2022 was Dr Ian Willoughby and colleagues for their paper 'Are there viable chemical and non-chemical alternatives to the use of conventional insecticides for the protection of young trees from damage by the large pine weevil *Hylobius abietis*?' published in the Institute of Chartered Foresters journal Forestry in 2020. The winners were presented with a striking trophy created by Angus Clyne of Perthshire. They were also awarded a sum of £400 which they asked SFT donate to the DEC Ukrainian Humanitarian Appeal on their behalf.

Financial review

Financial information

During the year the Trust's income amounted to £108,731 (2021/22: £92,975). After deduction of expenses, and before realised and unrealised gains on investments, the net outgoing resources amounted to £35,832 (2021/22: £22,479). The market value of investments has decreased over the year from £3,130,392 to £2,970,076 (excl. cash).

During 2022/23 the Trustees took the decision to transfer its banking from Adam and Company (now Coutts) to Hampden & Co. This was due to a reduction in personal service over recent years from Adam and Company which had proven challenging during COVID and with the need to update Trustee information as they Trustees retire and new Trustees are appointed. Banking transfer was completed in September 2022.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2023 (Contd.)

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 £2,970,076. The Trustees added £85,000 cash to the investment portfolio in August 2022. 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. Over the year, the sum of £85,200 was received in income, an amount deemed appropriate by the Trustees based on a conservative approach given 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 21/22 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.

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. Due to the sudden loss of Prof Simon Leather in 2021 steps were taken to ensure continuity of PRC membership and Keith Kirby agreed to stay on for 1 extra year on an exceptional basis to enable new Trustees and PRC members to gain experience before he departs now at the end of 2023.

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.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2023 (Contd.)

Reserves Policy

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

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

COVID Pandemic & Other Issues

Throughout the Financial Year 22/23 there was continued fallout from the COVID 19 Pandemic. Some projects experienced ongoing delays due to lack of access to labs, limited ability to travel and restricted ability to gather field data, this has resulted in payments being further rescheduled. There was however a pick-up in new applications and enquiries have continued to increase throughout 2022/23. The biggest impact had been to the Investment Funds under management and these had continued to recover well before falling back when Russia invaded Ukraine in February 2022, followed by further volatility due to the energy and cost of living crises. The Trustees are working closely with their Investment Advisors and believe they are taking the right approach in terms of investing for long term growth and resilience.

Plans for the Future

Trustees are committed to securing the long-term future for the Trust in order that it can continue into the future supporting research, education and training in UK forestry in accordance with its objectives. During the year, financial commitments have been made to new projects totalling £91,384 which added to existing commitments brings the forward commitments to £179,947 and this sum will progressively be disbursed over the next six 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 IP rights. We will also continue to seek strategic alliances with other organisations, in much the same way as we have with the Forestry Commission, Scottish Forestry and Natural Resources Wales, Tilhill Forestry and James Jones & Sons in order to deliver our Bursary Award and other schemes.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2023 (Contd.)

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 3 years with an option to renew for a further 3 years depending on individual circumstances (Trustees appointed before 2021 are appointed for 5+5 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.

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 OSCAR 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 Chairman for the day-to-day organisation and management of the Trust's business. In appointing Trustees, attention is paid to experience, gender and to maintaining a balance on the Board among landowners/forestry owner members, processor representatives, economics expertise, and professional forestry, investment and academic expertise. This balance has worked well in formulating objectives and reaching decisions appropriate to these objectives as well as providing experience and expertise necessary to the effective operation of the Trust.

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

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

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

The Trust is working towards changing and modernising its governance structure and becoming a SCIO.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2023 (Contd.)

Key Management Personnel Remuneration

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

The Trust's Director is the sole part-time employee and full disclosure of salary is given in note 7 to the financial statements. Pay levels are considered at Trustees meetings on an annual basis and decisions are made on the appropriate level of pay for the coming year. Our auditors, Chiene + Tait LLP, handle all transactions in relation to salary payments on behalf of the Trust.

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

Statement of Trustees' Responsibilities

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

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

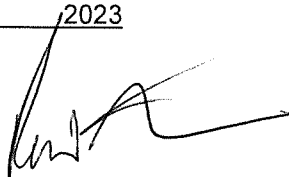
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the requirements of the charity's trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the Trustees

Date: 17 August 2023



Paul Atkinson
Chair of Board of Trustees

The Scottish Forestry Trust

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account) For the year ended 31 March 2023

	Notes	Restricted Funds £	Unrestricted Funds £	2023 Total £
Income and endowments from				
Donations and legacies:				
Donations		-	4,811	4,811
Charitable activities				
Grant income		22,393	-	22,393
Income from investments	2	-	81,527	81,527
Total income		22,393	86,338	108,731
Expenditure				
Expenditure on raising funds:				
Investment management costs		-	18,865	18,865
Promotion costs	3	-	3,477	3,477
Expenditure on charitable activities:	4			
Research		24,977	84,855	109,832
Education		-	8,878	8,878
Training		-	3,511	3,511
Total expenditure		24,977	119,586	144,653
Net (expenditure) before (loss)/gain on investments		(2,584)	(33,248)	(35,832)
Net (loss)/gain on investment assets	9	-	(237,697)	(237,697)
Net income and net movement in funds		(2,584)	(270,945)	(273,529)
Reconciliation of funds				
Total funds brought forward		68,077	3,202,179	3,270,256
Total funds carried forward		65,493	2,931,234	2,996,727

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

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

The Scottish Forestry Trust

BALANCE SHEET

As at 31 March 2023

	Notes	2023 £	2022 £
Fixed Assets			
Tangible assets	8	268	402
Investments	9	2,970,076	3,130,392
		<u>2,970,344</u>	<u>3,130,794</u>
Current Assets			
Debtors	10	3,522	8,444
Bank	11	213,320	284,055
		<u>216,842</u>	<u>292,499</u>
Creditors: amounts falling due within one year	12	(89,927)	(70,354)
Net current assets		<u>126,915</u>	<u>222,145</u>
Total assets less current liabilities		3,097,259	3,352,939
Creditors: amounts falling due after more than one year	13	(100,532)	(82,683)
Net assets		<u>2,996,727</u>	<u>3,270,256</u>
Represented by:			
Restricted funds	14	65,493	68,077
Unrestricted funds	14	2,931,234	3,202,179
		<u>2,996,727</u>	<u>3,270,256</u>

Approved by the Board of Trustees on 17 August 2023 and signed on its behalf by:



Paul Atkinson Chair

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

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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.

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%
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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 2023

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 2023

1. Accounting Policies (contd.)

Expenditure allocation

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

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

Value Added Tax

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

Financial instruments

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

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

2. Income from investments

	2023 £	2022 £
Investment income:		
UK listed investments	80,609	74,439
Interest on cash deposits	918	16
	<u>81,527</u>	<u>74,455</u>

3. Cost of raising funds

	Grant funding £	Support costs £	2023 £	2022 £
Promotion	-	3,477	<u>3,477</u>	<u>3,081</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2023

4. Charitable activities	Grant funding £	Support costs £	2023 £	2022 £
Education	2,500	6,378	8,158	23,177
Research	80,269	29,564	105,368	68,533
Training	3,511	-	8,636	-
	<u>86,280</u>	<u>35,942</u>	<u>122,162</u>	<u>91,710</u>
5. Grant funding - project grants	Restricted Funds £	Unrestricted Funds £	2023 Total £	2022 Total £
Education				
Pilot Initiative to Inspire future foresters via Via Stem activity in Schools	-	-	-	17,003
HIRP Conference	-	(660)	(660)	660
Developing an easier route to strength grading of UK Voices of the Forest Reprint	-	2,500	2,500	-
Research				
Identification of Filamentous Pathogens on Leaves	-	-	-	18,000
Use of Trees by Bats: Implications for Forestry Management	-	-	-	3,000
Nutrient Cycling in upland forest soils	-	-	-	3,250
Identifying alternatives to conventional plastic tree shelters	-	-	-	17,500
Hardwoods	15,400	19,601	35,001	-
Balancing benefits and trade offs from future forests	11,708	14,900	26,608	-
The Economic and Social Benefits of Native Woods	-	7,474	7,474	-
Early Career Researchers Conference	-	296	296	-
Efficiency of One Way Hare Structures in Woodland Areas	-	3,360	3,360	-
Quantifying the Magnitude and Duration of Tree Water Stress	-	6,778	6,778	-
Environmental Impact of Horse Logging in the UK	-	731	731	-
Addressing uncertainty to improve urban tree management	572	728	1,300	-
Dynamic conversation of genetic diversity in juniper (cancellation)	(2,703)	(3,441)	(6,144)	-
Working Woods Scotland Course	-	5,125	5,125	-
Training				
Working Wood for Foresters Training Course	-	3,511	3,511	-
Awards	-	400	400	1,000
	<u>24,977</u>	<u>61,303</u>	<u>86,280</u>	<u>60,413</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 2023

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 £	2023 Total £	2022 Total £
Employment costs	2,315	3,474	17,363	23,152	22,000
Pension costs	51	76	381	508	473
Office costs	562	842	4,210	5,614	4,755
Trustees' expenses & meeting costs	242	363	1,815	2,420	1,369
Payroll	119	179	896	1,194	691
Bank charges	22	33	164	219	93
Professional fees	132	198	990	1,320	660
Website	21	31	156	208	633
Depreciation	13	20	101	134	134
Governance costs					
Audit fee	-	1,162	3,488	4,650	3,570
	<u>3,477</u>	<u>6,378</u>	<u>29,564</u>	<u>39,419</u>	<u>34,378</u>

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

7. Staff costs

	2023 £	2022 £
Director's salary	23,152	22,000
Social security costs	-	-
Pension cost	508	473
	<u>23,660</u>	<u>22,473</u>
	No.	No.
The average number of employees during the year was:		
Administration	<u>1</u>	<u>1</u>

During the year, the trustees received no remuneration, trustees received reimbursed expenses totalling £1,678 (2022: £778). These expenses were incurred in respect of travel and subsistence while attending Trustees' meetings. The Director was reimbursed for expenses of £741 during the year (2022: £1,804).

No employee received emoluments over £60,000.

Total remuneration paid to key management personnel in the year was £23,660 (2022: £22,473).

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2023

8. Fixed Assets

	Office Equipment £
Cost	
At 1 April 2022	670
Additions	-
At 31 March 2023	<u>670</u>
Depreciation	
At 1 April 2022	268
Charge for the year	134
At 31 March 2023	<u>402</u>
Net Book Value	
At 31 March 2023	<u>268</u>
At 31 March 2022	<u>402</u>

9. Investments

	2023 £	2022 £
Market value at 1 April	3,130,392	3,006,927
Additions at cost	491,717	806,935
Disposal proceeds	(414,336)	(842,322)
Net loss on investments	(237,697)	158,852
Market value at 31 March	<u>2,970,076</u>	<u>3,130,392</u>
Historical cost at 31 March	<u>2,668,808</u>	<u>2,497,056</u>
Investments at 31 March 2023 representing over 5% of portfolio value:		
JP Morgan US Equity Income K – Net Income	<u>188,589</u>	<u>197,161</u>

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

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

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

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

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2023

10. Debtors	2023 £	2022 £
Accrued income	3,522	8,444
	<hr/>	<hr/>
11. Bank	2023 £	2022 £
Operating accounts	177,657	237,184
Capital accounts with investment manager	35,663	46,871
	<hr/>	<hr/>
	213,320	284,055
	<hr/>	<hr/>
12. Creditors due within one year	2023 £	2022 £
Other creditors	79,415	60,495
Accruals	10,512	9,859
	<hr/>	<hr/>
	89,927	70,354
	<hr/>	<hr/>
13. Creditors due after more than one year	2023 £	2022 £
Other creditors	100,532	82,683
	<hr/>	<hr/>

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:

	2023 £	2022 £
Due within one year	79,415	60,495
Due between one and two years	45,231	42,531
Due between two and five years	55,301	40,152
	<hr/>	<hr/>
	179,947	143,178
	<hr/>	<hr/>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2023

14. Movement in Funds

	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
Scottish Woodlands Award	-	-	-	-	-	-
	<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>

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.

	Balances at 1 April 2021 £	Incoming Resources £	Outgoing Resources £	Investment gains £	Transfers £	Balances at 31 Mar 2022 £
Restricted funds						
Bursary Award Scheme	49,673	17,000	(9,350)	-	-	57,323
Tilhill/QBE Fund	28,254	-	(17,500)	-	-	10,754
Scottish Woodlands Award	400	400	(800)	-	-	-
	<u>78,327</u>	<u>17,400</u>	<u>(27,650)</u>	<u>-</u>	<u>-</u>	<u>68,077</u>
Unrestricted funds						
Revenue fund	(64,492)	-	(87,661)	-	152,153	-
Capital fund	3,120,039	75,575	(134)	158,852	(152,153)	3,202,179
	<u>3,055,547</u>	<u>75,575</u>	<u>(87,795)</u>	<u>158,852</u>	<u>-</u>	<u>3,202,179</u>
	<u>3,133,874</u>	<u>92,975</u>	<u>(115,445)</u>	<u>158,852</u>	<u>-</u>	<u>3,270,256</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2023

15. Analysis of Net Assets between funds

	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	65,493	-	2,931,234	2,996,727

2022

	Restricted Funds £	Revenue Fund £	Capital Fund £	Total £
Fixed Assets	-	-	402	402
Investments	-	-	3,130,392	3,130,392
Current assets	130,594	90,520	71,385	292,499
Current liabilities	(25,223)	(45,131)	-	(70,354)
Liabilities due after more than one year	(37,294)	(45,389)	-	(82,683)
Total net assets	68,077	-	3,202,179	3,270,256

16. Related party transactions

The Trust rents office accommodation and receives administrative support from the Confederation of Forest Industries (UK) Limited (Confor) in accordance with an agreement dated 7 October 2008 and 1 July 2010. Ralland Browne (Trustee) is a member of the Board of Directors of Confor. The Trust paid office rent of £2,692 (2022: £2,470) and administrative support costs of £1,080 (2022: £814).

The Trust received £22,393 (2022: £17,000) Partner funds from Scottish Forestry. Helen McKay (Trustee) is employed by Scottish Forestry. During the year the Trust paid £12,440 project contributions to projects led by Forest Research. Helen McKay is a honorary fellow of Forest Research and James Pendlebury (Trustee) is an employee of Forest Research. The Trust paid £5,583 as project expenditure to the Confor where Ralland Browne is a member of the Board of Directors.

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

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 2023, 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 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

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)

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

We have nothing to report in this regard.

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
- 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
- the information given in the financial statements is inconsistent in any material aspect with the trustees' report.

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:

- A review of bank transactions made during the year to identify any unusual transactions.
- Detailed testing of grants awarded and paid during the year to reconcile to the closing grants payable position.
- Review of minutes of board meetings throughout the period.
- Specific consideration was given to transactions with related parties.
- Completing testing on investments and investment income to ensure that they have been accounted for accurately and in the correct period.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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

30 August 2023

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