Report and Financial Statements

Year ended 31st March 2022

Charity No. SC008465

www.scottishforestrytrust.org.uk

The Scottish Forestry Trust

For the year ended 31 March 2022

Chairman's Foreword

The pandemic continued to impact on the activities of the Trust, with a reduced level of demand for support and a need to continue with online meetings of the Trustees and with stakeholders. However, toward the end of the year there were signs of a return to normality with an increase in requests for support and the prospect of in person meetings.

Covid related delays contributed to a carry forward of spend on projects that had been programmed for the previous year. We were able to distribute funds to the value of £88,148 in support of existing projects and approved funding of £59,413 for 6 new projects. These range from supporting a programme to provide forestry education in schools through to finding an effective alternative for plastic tree shelters.

The Scottish Woodlands Student Excellence Award was awarded to Dr Vanessa Burton, a Spatial Scientist with Forest Research who completed her PhD at Edinburgh University. Her thesis on "Visions for woodland expansion in 21st Century Scotland: alternative governance strategies and ecosystem service implications" explored how governance and who makes decisions, influences both woodland expansion and the ecosystem services delivered.

In common with the market trends, our investment portfolio manged by Brewin Dolphin suffered a reduction in value over the winter period but was still valued at £3,177,263 at the year end (including cash held by the investment manager) and delivered income of £74,439 during the year. The Trust retains a significant cash balance with which to supplement the income from our investments so is well placed to cope with fluctuations in income derived from investments and other sources.

It was with great sadness that we learned of the death of Professor Simon Leather, a long-standing Trustee who had made a valuable contribution to the work of the Trust. We also bade farewell to three other long-serving Trustees at the end of 2021; Professor John Grace, Priscilla Gordon-Duff and J Mark Gibson. However, on a more positive note, following an open recruitment process, in January 2022 we were pleased to welcome 4 new Trustees, to the board, each of whom brings considerable experience in either academia or forest management.

The Trustees spent some time discussing and agreeing new policies and procedures with respect to appeals against a rejected funding application, our disaster recovery arrangements, fraud and GDPR implications and asked the Director to explore the potential for an improved banking service by moving to a new provider which we expect to complete later in 2022. We also signed off a new strategy document setting out the future direction of the Trust and agreed new operating rules. Discussions were also begun on the best structure for the Trust and options were discussed with the benefit of the help of our legal advisers.

Finally, I would like to thank our Director Amanda Bryan and all my fellow Trustees for their unstinting support for the work of the Scottish Forestry Trust, and look forward to working them in the coming year to progress our aspirations for an enhanced funding pot and a more strategic approach to deciding what our funding priorities should be.

Dr R McIntosh FICFor

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2022

Reference and administrative information

Trustees
Dr R McIntosh FICFor, Chair
Dr K Kirby, Chair of the Projects and Research Committee
Prof J Grace, Member of the Projects and Research Committee (Retired 31 December 2021)
Prof Simon Leather, Member of the Projects and Research Committee (Death in Service 27 September 2021)
Dr H McKay, FICFor Member of the Projects and Research Committee
P Gordon-Duff (Retired 31 December 2021)
J M Gibson (Retired 31 December 2021)
A R Browne MICFor
E Balfour
Prof P Atkinson
Prof D Burslem (Appointed 1 January 2022)
T Liddon (Appointed 1 January 2022)
Dr I Kotta-Loizou (Appointed 1 January 2022)
Prof J Pendlebury (Appointed 1 January 2022)

Director
A Bryan MICFor

Registered Office
59 George Street, Edinburgh, EH2 2JG

Website
www.scottishforestrytrust.org.uk

Charity Number: SCO08465

Auditors
Chiene + Tait LLP, Chartered Accountants & Statutory Auditor, 61 Dublin Street, Edinburgh, EH3 6NL

Bankers
Adam & Company, 25 St Andrew Square, Edinburgh, EH2 1AF

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 £1,120 during the course of the year. Thanks to A Gunn and RD Macleod for their support.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2022 (Contd.)

The Trustees present their report and the audited financial statements of The Scottish Forestry Trust for the year ended 31 March 2022. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Objectives of the Trust

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

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

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

Grant making criteria

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

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

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

Activities and Achievements

A list of projects supported since the Trust started providing grant aid in 1986 is provided on our web site http://www.scottishforestrytrust.org.uk. The current portfolio of projects, as reported later, continues to be strong and varied in content. This always places considerable pressure on the Trust's resources and we are particularly grateful to the Forestry Commission, Scottish Forestry and Natural Resources Wales (and their predecessor bodies), who have provided financial support to enable us to assist PhD and MSc students through our Bursary Award Schemes and to Tilhill Forestry and QBE Business Insurance for providing additional resources to support research into reducing risks in forest and woodland establishment.

We continued to update our website through which we disseminate project updates and summaries of recently completed projects and have now added functionality to allow for online donations to be made. Our e-newsletters 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 Twitter (@ForestryTrust) which has an active forestry presence and over the last year have seen our followers increase to over 500.

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 £88,148 on staged payments to projects where commitments had already been made. With activity picking up post pandemic we were able to approve future commitments of £56,663 towards six new projects with financial commitments out to 2028 for a single project. Many projects had their payment calendars reprofiled in year due to COVID impacts and future commitments now total £143,178 with payments to them now continuing to 2028.

Trustees are nevertheless pleased with the progress achieved during the year, even in light of the impacts on project delivery of the COVID-19 pandemic restrictions, 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

Development and Publication of Tree Work Guides (Arboricultural Association)

This project was carried out by the Arboricultural Association and created a suite of supporting technical guides which provides detailed, practical guidance for arboricultural operatives. Building on the recent development of the Industry Code of Practice for Arboriculture, the guides describe "industry good practice" and will support training programmes and provide the benchmark standards for a range of practical arboricultural operations. The guides have been designed to be accessible to operators with high quality photographs and illustrations.

The initial timetable saw the guides available in 2019 but the final guide was published in late 2021.

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

A key component of resilience of forest ecosystems to pathogens is understanding environmental and ecological processes that favour establishment and spread for effective targeting of mitigation methods. Such conditions are poorly described for new oomycete *Phytophthora* pathogens that are damaging forest ecosystems in Britain. *Phytophthora austrocedri* is now known to be causing extensive dieback of Juniper, a declining UK Biodiversity Action Plan priority species, in Scotland and northern England. This project aimed to (1) determine how topography, climate, hydrology and host community structure interact to favour disease establishment and spread from field scale to landscape and regional scales (2) understand how conditions favouring juniper population persistence interfaces with conditions favouring disease establishment and (3) develop spatial tools that map *P. austrocedri* impact on juniper populations for geographical targeting of conservation and biosecurity measures. Carried out by the Centre for Ecology and Hydrology; Forest Research and the University of Cambridge.

This project was completed in late 2021.

Alternative Techniques for Managing Hylobius abietis (Forest Research)

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

The project was subject to delay and was completed in late spring 2021.

Untapped Provenances of Sitka Spruce (Forest Research)

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

The project concluded in spring 2021.

Woodland to Workshop Course

In October 2021 the Association of Scottish Hardwood Sawmillers (ASHS) ran a 3-day training course (for 12 people) bringing together young professionals from across the home-grown hardwood (and premium softwood) industry (foresters, sawmillers, woodworkers etc.) to learn about all aspects of the industry, and to build links with other professionals, increasing links, mutual understanding, trade and collaboration across the industry to its benefit. This course is the first of its type run in Scotland but mirrors the highly successful course run 26 times by Woodland Heritage in England.

This project was successfully completed in autumn 2021.

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 2022.

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

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

The project is due for completion in late 2022.

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.

The research will conclude in 2024.

Improving Outcomes in Montane Woodland Restoration

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

The project will conclude in 2025.

Assessing Uncertainty to Improve Urban Tree Management

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

The project will now conclude in 2023.

Wild Service (*Sorbus torminalis*) Provenance Trial

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

The project will conclude in 2023.

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

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

The project will conclude in 2024.

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

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

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

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

The project has experienced some delays and the Trustees are considering an updated project schedule. A new end date will be agreed shortly.

New Projects

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)

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.

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 allow 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. An important part of this project will then be to publish and publicise the findings, to provide an evidence base for related practice/policy recommendations, and to raise awareness of the issue.

The project originally expected to complete in 2021 is now due to complete in late Spring 2022.

Nutrient Cycling in Upland Forest Soils (University of Middlesex)

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.

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.

HIRP Conference (Confor on behalf of HIRP)

The *Hylobius* Industry Research Partnership Conference intends to provide 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.

It is anticipated that the event will highlight 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.

The event was scheduled to take place at the Birnam Arts Centre in Perthshire in April 2022.

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. In this Financial year the Trustees undertook a review of how these Awards were assessed and they will each move to a bi-annual award with the Scottish Woodlands Student Excellence to be awarded this year and the Dr Cyril Hart Memorial Award will be presented in 2022.

The winner of their Scottish Woodlands Student Excellence Award for 2021 was Dr Vanessa Burton, a Spatial Scientist with Forest Research who completed her PhD at Edinburgh University. Her thesis on "Visions for woodland expansion in 21st Century Scotland: alternative governance strategies and ecosystem service implications" explored how governance and who makes decisions, influences both woodland expansion and the ecosystem services delivered.

The Trustees also awarded a Special Award to Dr David Gil-Moreno, now a researcher at National University of Ireland Galway working in the *Woodprops* programme, recognising his PhD completed at the Forest Products Research Institute, Napier University Edinburgh. David's thesis was on "Potential for noble fir, Norway spruce, western red cedar and western hemlock grown for timber production in Great Britain" and was felt by the Trustees to be a technically excellent piece of work.

Financial review

Financial information

During the year the Trust's income amounted to £92,975 (2020/21: £95,586). After deduction of expenses, and before realised and unrealised gains on investments, the net outgoing resources amounted to £22,470 (2020/21: net incoming resources of £388). The market value of investments has increased over the year from £3,006,927 to £3,130,392 (ex-cash).

Investment policy

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

At the end of the year, the investment portfolio was valued at £3,177,263 (£3,130,392 ex-cash) (down from a December peak of £3,324,042). The increase during the year was the result of diversification of the investments globally and into assets such as fixed interest and absolute return funds. Over the year, the sum of £74,439 was received in income which is lower than previous years based on a conservative approach by Trustees responding to market uncertainties and shifting to a Total Return approach to increase resilience.

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 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 endeavour to ensure that no more than two Trustees retire in any one year so that we can maintain continuity of expertise although this is not always possible. From April 2021 this has changed to two terms of up to 6 years in total 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 steps have been taken to ensure continuity of PRC membership and Keith Kirby has 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.

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

Throughout the Financial Year 21/22 there was continued fallout from the COVID 19 Pandemic. The Director continued to largely work from home, making trips to the office only when travel was allowed. Some projects experienced ongoing delays due to lack of access to labs, limited ability to travel and restricted ability to gather field data, this resulted in payments being rescheduled. There was however a pick-up in new applications and enquiries have continued to increase from the start of 2021. The biggest impact had been to the Investment Funds under management and these had continued to recover well before falling back slightly when Russia invaded Ukraine in February 2022. All capital losses experienced in March 2020 have been recovered but with increased market uncertainty there is a need to maintain more modest income expectations than the Trust had seen in previous years. 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 £59,413 which added to existing commitments brings the forward commitments to £143,178 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 and Tilhill Forestry in order to deliver our Bursary Award and other schemes. The Trust undertook a Strategic Planning exercise in 2021 and now has a new 10 Year Development Plan. In 2021 the Trust also signed a Memorandum of Understanding with The Hylobius Industry Research Partnership (HIRP) and will be responsible for distributing any funds donated to the Hylobius Research Fund (HRF) once it has launched.

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.

New 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 retirals 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 OSCR on their role as a Trustee within a charity. The new Trustee is then invited to the formal Trustees' meeting in December as an observer so that they get a flavour of the work of the Trust. Their appointment then commences formally in January of the following year. All Trustees are given the opportunity to attend charity briefing events held by our fund managers and auditors.

The Board of Trustees has the sole power to make decisions for the Trust. Full meetings of the Trustees are held three times per year. The Director is responsible directly to the Chairman for the day-to-day organisation and management of the Trust's business. In appointing Trustees, attention is paid to experience, gender and to maintaining a balance on the Board among landowners/forestry owner members, processor representatives, economics expertise, and professional forestry, investment and academic expertise. This balance has worked well in formulating objectives and reaching decisions appropriate to these objectives as well as providing experience and expertise necessary to the effective operation of the Trust.

At the Trustees' meetings, the Trustees agree the broad strategy and areas of activity for the Trust including consideration of recommendations for grant approvals, investment policy, risk management, marketing and promotion planning, and general performance Trustees give freely of their time. In the case of the 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.

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 Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2022 (Contd.)

Statement of Trustees' Responsibilities (Contd.)

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

R McIntosh

Dr R McIntosh

Date: 18/08/22

The Scottish Forestry Trust

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account)
For the year ended 31 March 2022

	Notes	Restricted Funds £	Unrestricted Funds £	2022 Total £	Restricted Funds	Unrestricted Funds	2021 Total £
Income and endowments from							
Donations and legacies:							
Donations		-	1,120	1,120	-	370	370
Charitable activities							
Grant income		17,400	-	17,400	17,400	-	17,400
Income from investments	2	-	74,455	74,455	-	77,816	77,816
Total income		17,400	75,575	92,975	17,400	78,186	95,586
Expenditure							
Expenditure on raising funds:							
Investment management costs		-	20,654	20,654	-	17,896	17,896
Promotion costs	3	-	3,081	3,081	-	2,747	2,747
Expenditure on charitable activities:	4						
Research		27,650	40,883	68,533	19,978	46,824	66,802
Education		-	23,177	23,177	-	7,753	7,753
Total expenditure		27,650	87,795	115,445	19,978	75,220	95,198
Net (expenditure)/income before gains on investments		(10,250)	(12,220)	(22,470)	(2,578)	2,966	388
Net gains on investment assets	9	-	158,852	158,852	-	470,060	470,060
Net income/(expenditure) and net movement in funds		(10,250)	146,632	136,382	(2,578)	473,026	470,448
Reconciliation of funds							
Total funds brought forward		78,327	3,055,547	3,133,874	80,905	2,582,521	2,663,426
Total funds carried forward		68,077	3,202,179	3,270,256	78,327	3,055,547	3,133,874

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

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

The Scottish Forestry Trust

BALANCE SHEET

As at 31 March 2022

	Notes	2022 £	2021 £
Fixed Assets			
Tangible assets	8	402	536
Investments	9	3,130,392	3,006,927
		3,130,794	3,007,463
Current Assets			
Debtors	10	8,444	6,402
Bank	11	284,055	302,259
		292,499	308,661
Creditors: amounts falling due within one year	12	(70,354)	(101,734)
Net current assets		222,145	206,927
Total assets less current liabilities		3,352,939	3,214,390
Creditors: amounts falling due after more than one year	13	(82,683)	(80,516)
Net assets		3,270,256	3,133,874
Represented by:			
Restricted funds	14	68,077	78,327
Unrestricted funds	14	3,202,179	3,055,547
		3,270,256	3,133,874

Approved by the Board of Trustees on 18/8/22 and signed on its behalf by:

R McIntosh Chair

Dr R McIntosh

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

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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 accounts 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%

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.

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.

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

	2022	2021
	£	£
Investment income:		
UK listed investments	74,439	77,704
Interest on cash deposits	16	112
	74,455	77,816

3. Cost of raising funds

	Grant funding	Support costs	2022	2021
	£	£	£	£
Promotion	-	3,081	3,081	2,747

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2022

4. Charitable activities	Grant funding £	Support costs £	2022 £	2021 £
Education	17,663	5,514	23,177	7,753
Research	42,750	25,783	68,533	66,802
	60,413	31,297	91,710	74,555

5. Grant funding - project grants	Restricted Funds £	Unrestricted Funds £	2022 Total £	2021 Total £
Education				
Pilot Initiative to Inspire future foresters via Via Stem activity in Schools	-	17,003	17,003	-
HIRP Conference	-	660	660	-
Woodland to Workshop Course	-	-	-	2,500
Research				
Identification of Filamentous Pathogens on Leaves	7,920	10,080	18,000	-
Use of Trees by Bats: Implications for Forestry Management	-	3,000	3,000	-
Nutrient Cycling in upland forest soils	1,430	1,820	3,250	-
Identifying alternatives to conventional plastic tree shelters	17,500	-	17,500	-
Confor research priorities - Cancelled	-	-	-	(2,700)
Enhancing integrated pest management in forestry	-	-	-	50,935
Mapping and repositioning forestry skills – Cancelled	-	-	-	(4,934)
My Safety App Development – Cancelled	-	-	-	(500)
Awards				
	800	200	1,000	-
	27,650	32,763	60,413	45,301

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

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 £	2022 Total £	2021 Total £
Employment costs	2,200	3,300	16,500	22,000	15,567
Pension costs	47	71	355	473	552
Office costs	477	713	3,565	4,755	6,209
Trustees' expenses & meeting costs	137	205	1,027	1,369	768
Payroll	69	104	518	691	409
Bank charges	9	14	70	93	73
Professional fees	66	99	495	660	3,522
Website	63	95	475	633	236
Depreciation	13	20	101	134	134
Governance costs					
Audit fee	-	893	2,677	3,570	4,531
	3,081	5,514	25,783	34,378	32,001

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

7. Staff costs

	2022 £	2021 £
Director's salary	22,000	14,667
Social security costs	-	1,216
Pension cost	473	236
	22,473	16,119
	No.	**No.**
The average number of employees during the year was:		
Administration	1	1

During the year, the trustees received no remuneration, trustees received reimbursed expenses totalling £778 (2021: £121). These expenses were incurred in respect of travel and subsistence while attending Trustees' meetings. The Director was reimbursed for expenses of £1,804 during the year (2021: £647).

No employee received emoluments over £60,000.

Total remuneration paid to key management personnel in the year was £22,473 (2021: £16,119).

8. Fixed Assets

	Office Equipment £
Cost	
At 1 April 2021	670
Additions	-
At 31 March 2022	670
Depreciation	
At 1 April 2021	134
Charge for the year	134
At 31 March 2022	268
Net Book Value	
At 31 March 2022	402
At 31 March 2021	536

9. Investments

	2022 £	2021 £
Market value at 1 April	3,006,927	2,570,091
Additions at cost	806,935	504,131
Disposal proceeds	(842,322)	(537,355)
Net gains on investments	158,852	470,060
Market value at 31 March	3,130,392	3,006,927
Historical cost at 31 March	2,497,056	2,160,074
Investments at 31 March 2022 representing over 5% of portfolio value:		
JP Morgan US Equity Income K – Net Income	197,161	205,172
Findlay Park US Smaller Co	-	170,166

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	2022 £	2021 £
Accrued income	8,444	6,402

11. Bank	2022 £	2021 £
Operating accounts	237,184	257,543
Capital accounts with investment manager	46,871	44,716
	284,055	302,259

12. Creditors due within one year	2022 £	2021 £
Other creditors	60,495	91,398
Accruals	9,859	10,336
	70,354	101,734

13. Creditors due after more than one year	2022 £	2021 £
Other creditors	82,683	80,516

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:

	2022 £	2021 £
Due within one year	60,495	91,398
Due between one and two years	42,531	30,528
Due between two and five years	40,152	49,988
	143,178	171,914

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2022

14. Movement in Funds

	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)	-	-	-
	78,327	17,400	(27,650)	-	-	68,077
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
	3,055,547	75,575	(87,795)	158,852	-	3,202,179
	3,133,874	92,975	(115,445)	158,852	-	3,270,256

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 deficit on the Revenue Fund will be met out of unrestricted incoming resources receivable in the year to 31 March 2022.

	Balances at 1 April 2020 £	Incoming Resources £	Outgoing Resources £	Investment gains £	Transfers £	Balances at 31 Mar 2021 £
Restricted funds						
Bursary Award Scheme	32,673	17,000	-	-	-	49,673
Tilhill/QBE Fund	48,232	-	(19,978)	-	-	28,254
Scottish Woodlands Award	-	400	-	-	-	400
	80,905	17,400	(19,978)	-	-	78,327
Unrestricted funds						
Revenue fund	(66,922)	78,186	(75,086)	-	(670)	(64,492)
Capital fund	2,649,443	-	(134)	470,060	670	3,120,039
	2,582,521	78,186	(75,220)	470,060	-	3,055,547
	2,663,426	95,586	(95,198)	470,060	-	3,133,874

15. Analysis of Net Assets between funds

	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

2021

	Restricted Funds £	Revenue Fund £	Capital Fund £	Total £
Fixed Assets	-	-	536	536
Investments	-	-	3,006,927	3,006,927
Current assets	137,144	58,941	112,576	308,661
Current liabilities	(25,790)	(75,944)	-	(101,734)
Liabilities due after more than one year	(33,027)	(47,489)	-	(80,516)
Total net assets	78,327	(64,492)	3,120,039	3,133,874

16. Related party transactions

The Trust rents office accommodation and receives administrative support from the Confederation of Forest Industries (UK) Limited (Confor) in accordance with an agreement dated 7 October 2008 and 1 July 2010. Ralland Browne is a member of the Board of Directors of Confor. The Trust paid office rent of £2,470 (2021: £2,470) and administrative support costs of £814 (2021: £1,803).

The Trust received £17,000 (2021: £17,000) Partner funds from Scottish Forestry. Helen McKay (Trustee) is employed by Scottish Forestry. During the year the Trust paid £19,044 project contributions to projects led by Forest Research. Helen McKay is a honorary fellow of Forest Research. The Trust paid £2,026 as project expenditure to the University of Edinburgh where Trustee John Grace is employed.

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 2022, 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 2022 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
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.

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.

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

- 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.

Chiene + Tait LLP

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

20 September 2022

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