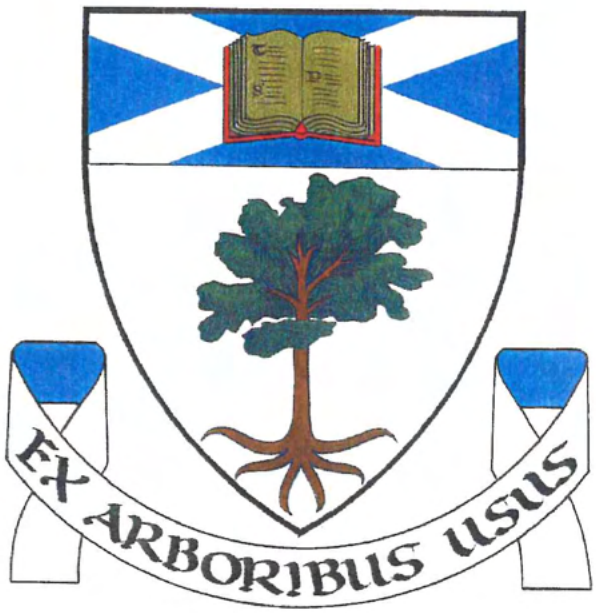
THE SCOTTISH FORESTRY TRUST



ANNUAL REPORT 2004-2005

www.scottishforestrytrust.org.uk

SELECTED ITEMS FROM THIS YEAR'S REPORT

Five major projects were completed and seven are continuing. Subject areas include silviculture, wood processing, woodfuels, non-timber forest products and education.

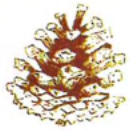
The Trust's partially funded a *Guide to Appearance Grading of UK Hardwood Timber.* This publication has been warmly accepted by sawmillers and users of wood and a series of training courses are being run.

The review of the role of UK's forests in the low carbon economy was completed; policy makers in particular were targeted.

Ongoing projects include an eagerly awaited review of implications of impact of continuous cover forestry systems on log quality and a PhD study on a pathogen *Anisogramma virgultorum* which is causing concern for the health of populations of birch.

£83,433 was provided in grant aid; this is an increase of over 50% over the previous financial year

Administration costs, at 1.5% of total assets, demonstrate that the Trust is an efficiently managed charity.



Net assets of the Trust at 31st March 2005 were £2,080,064, an increase of £107,294 over the previous twelve months.

For news of the Trust and a list of completed projects visit our web site, www.scottishforestrytrust.org.uk.

CONTENTS

	Page
Selected Items from This Year's Report	2
The Objectives of The Scottish Forestry Trust	3
Trustees, Officials and Advisers 2004-2005	4
Acknowledgements	4
Chairman's Foreword	5
Trustees' Report	6
Projects Completed This Year	8
Ongoing Projects	9
Appointment of Trustees and Induction	10
Biographical Notes on Current Trustees	10
Recipients of *John Eadie Memorial Fellowship*	11
Audited Accounts and Financial Statements	12
Notes on Financial Statements	14
Gift Aid Declaration	Back Page

THE SCOTTISH FORESTRY TRUST AND ITS OBJECTIVES

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

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

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

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

TRUSTEES, OFFICIALS and ADVISERS 2004-2005

TRUSTEES

Chairman Sir F M Strang Steel Bt, CBE

Trustees
Dr C M Cahalan*
J R Firn*
A Hart
J A Kissock OBE
W L Mason**
W McGhee*
Dr J A Petty** (to 31st December 2004)
R W L Scott OBE
M Williams MBE
Dr S Woodward (from 1st January 2005)

*Member, Projects and Research Committee
**Chairman, Projects and Research Committee

STAFF

Director **Dr David A Rook: Responsible for day to day management of the Trust**
Director's Secretary **Mrs Elizabeth Hughson**

LEGAL ADVISER
Mr D M Hunter
Henderson Boyd Jackson WS
Exchange Tower
19 Canning Street
Edinburgh EH3 8EH

BANKERS and INVESTMENT MANAGERS
Adam & Co
22 Charlotte Square
Edinburgh EH2 4DF

AUDITORS
Chiene & Tait CA
61 Dublin Street
Edinburgh EH3 6NL

REGISTERED OFFICE
5 Dublin Street Lane South
Edinburgh EH1 3PX
Tel: 0131 478 7044 Fax: 0131 538 7222
Email: sft@ednet.co.uk
www.scottishforestrytrust.org.uk

Registered Charity No SCO08465

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

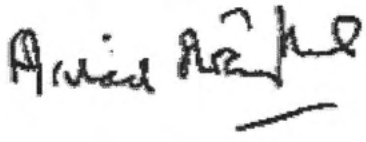
£100 to £1000
Mr A Gunn
Callendar Charitable Trust

CHAIRMAN'S FOREWORD

I have particular pleasure this year in congratulating two of our Trustees, John Kissock and Robert Scott, who were honoured with OBEs. The awards were in recognition of their significant contributions to forestry and forest industries in the UK. Their contributions to the Scottish Forestry Trust, as of the other Trustees, are critically important in achieving the objectives of the Trust and its effective operation.

The Statement of Recommended Practice (SORP) for accounting and reporting of charities has been revised and applies to accounting periods beginning on or after 1st April 2005. It was decided however to move towards introducing these changes in this year's annual report, particularly with respect to the Trustees' Report. We are required to address the reporting of activities and performance against the Trust's objectives. Emphasis is required in the Statement of Financial Activities to disclose the activities, services, programmes and projects undertaken. Improved guidance on when transactions are recognised and disclosure of grants to institutions are also required. None of these changes cause concern as in the past the Trustees have ensured the Trust's activities fully comply with its objectives and all transactions are transparent and fully documented. SORP 2005 requires that Trustees are aware of their responsibilities with a good understanding of the charity's activities and objectives. This charity is very fortunate in the knowledge, commitment and experience of its Trustees; governance of the Trust is regularly reviewed.

It is pleasing to report that expenditure on research and projects at £83,433 was more than double that of the previous year. The completed projects, like the portfolio of projects, continue to show the diversity of forestry and its products. As stated in the objectives of the Trust, '*Forestry* is defined in the widest sense, and includes production and use of all forest products and its contribution to landscape, recreation, wildlife, the environment and rural development'. The results from these projects enhance the wealth of society and well-being of the people of the UK. The Trust however is able to support only about 20% of the applications received, while this competition helps to ensure only projects which are relevant and well managed are accepted other worthy projects have to be rejected. A larger budget would allow more of the good projects to be supported and enable the Trust to take a greater positive lead in shaping UK forest industries' research priorities.



Sir F Michael Strang Steel Bt, CBE

TRUSTEES' REPORT

The primary objective of the Scottish Forestry Trust is to support research, education and training in forestry in the U.K., and 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 and the Projects and Research Committee, which evaluates applications for grant aid, meets a month before each Trustees' meeting. Trustees give freely of their time. In the case of the Chairman and members of the Projects and Research Committee, this is in excess of ten days per person each year. The Director is responsible directly to the Chairman for the day-to-day organisation and management of the Trust's business.

Statement of Trustees' Responsibilities

Charity law requires the Trustees to prepare financial statements, which give a true and fair view of the state of affairs of the Scottish Forestry Trust at 31st March 2005 and of its income and expenditure for the previous twelve months. In preparing those financial statements, the Trustees are required to:

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

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

Review of Projects Portfolio

Reporting on Objectives: The objectives of the Trust were met fully with grant aid being provided for projects on research, education and training. Projects being supported are enhancing British forestry by contributing scientific and technical information as well as making the general public more aware of the benefits from forestry and its products.

Activities and Achievements:

Carbon Assets: The Trust has supported several projects on carbon sequestration over the past 14 years – before climate change generated so much publicity. Earlier projects looked into carbon taxes and credits and two studies investigated carbon uptake by Sitka spruce forests. During the past 18 months, the Trust commissioned the Edinburgh Centre for Carbon Management to produce a review of the carbon assets of UK forests and to make recommendations on actions of achieving emission reductions. Actions to promote low carbon products, and to build carbon into local planning are advocated. To date this report primarily aimed at policy makers appears to have been noted and the intention is to continue to publicise its existence and recommendations for action.

UK Hardwoods: Another project completed this year has produced a publication on appearance grading of UK hardwoods. The qualities of these timbers are greatly underestimated and there is an urgent need to increase the use of UK grown hardwoods. In addition to the publication and the availability of a CD Rom, training courses are being run.

Woodfuels: There is increasing interest in the use of forest biomass for heat generation for small communities and the Trust supported a short thesis study by a MSc student to carry out a feasibility study of woodfuel supply from the Abriachan Community Woodland.

Continuous Cover Forestry: This form of silviculture has attracted considerable public appeal and political encouragement, but there are major questions on how to manage the transformation of pure, even-aged stands to this form of silviculture and the consequences for timber quality and timber supply. A report due in summer 2005 addresses these questions. Another project, a PhD study at University of Wales, Bangor is helping to develop flexible mathematical models to support management decisions.

Non-Timber Forest Products: A report on social, cultural and economic vales of non-timber forest products, i.e. wild plant material and fungi, will be submitted to the Trustees in July 2005 and is expected to be published later in the year.

Education: The opening of an *Interpretation & Display* facility at the Loch Lomond Native Forest Centre latter in 2005 will allow even greater educational use of that forest area by school children and the general public. The Trustees continue to give enthusiastic support to that project.

Fuller details are given later in this Annual Report and a complete list of projects supported by the Trust is posted on our web site.

Financial Review: The financial statements prepared comply with the requirements of the Trust Deed and the Charities Accounts (Scotland) Regulations 1992. The audited accounts, prepared by Chiene & Tait CA, are presented later in this report. The auditors observe that the financial statements give a true and fair account of the Trust's affairs at 31 March 2005.

The Trust has the following ***Socially Responsible Investment Policy***.

The management of the investment portfolio of the Scottish Forestry Trust takes due consideration of the Trust's aims and objectives. The Trustees seek to invest in companies that will successfully develop their business financially in the interests of their shareholders, and demonstrate responsible employment and best corporate governance practices. The companies should be conscientious with regard to human rights and environmental performance, including the sustainability of forests. Moreover, companies should act with sensitivity to the communities in which they operate. Investment in any company that promotes pornography, or where the principal business is in tobacco or weapons manufacturing is avoided. Given the complexity of many companies, some will have business interests in areas we seek to avoid: these investments are monitored to evince that they meet our broader criteria.

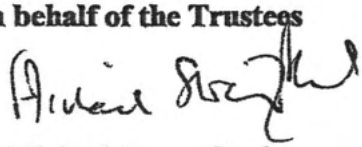
The Trustees' during the year reviewed the risks associated with management of the Trust to its continued operation. No major changes were recommended. The performance of the investment portfolio and expenditure is reviewed every four months and action taken where appropriate to improve the financial position of the Trust. The policy that the investment portfolio be managed on a low-risk, total return basis with due consideration to the Trust's aims and objectives was again confirmed. The Trust's administration, provision of professional services and management procedures are reviewed periodically.

At the 31st March the net assets of the Trust were £2,080,064. The market value of the investment portfolio increased from £1,819,344 to £1,906,647 over the financial year. The total return of the investment portfolio, taking into account both income and increase in market value, was 11.88% over the 12 months. £12,964 for investment management fees and £78,000 was withdrawn from the investment portfolio to support expenditure on administration and grant aid. The remaining £37,187 of expenditure came from the balance in the Operating Account which the Trustees agreed to decrease. The Trustees in drawing up the budgets for the year had a target of total expenditure on project grants, administration and professional services of not more than 5.5% of the average market value of the investment portfolio in 2004-05; 5.2% was achieved. Budgets are based on total returns on investments and not restricted to income from dividends, interest and sales of reports.

Last year delays in finalising and starting several projects resulted in over £20,000 less being spent and that sum was carried over to the budget for grant aid this year. Expenditure on grant aid this year at £83,433 is more than double that of 2003/2004. However it still must be recognised that many applications received require considerable discussion, further development and a revised application before being accepted and that can take many months. Increasing reluctance of students because of debts to continue to postgraduate work has given difficulties in recruiting interested students, who are of the required standard.

Performance: Over the year the performance has been highly satisfactory. A diverse portfolio of good quality, highly relevant projects are being funded. Postgraduate students for MSc and PhD degrees have been supported as critical skills shortages in many levels of forestry are being increasingly recognised. Grant aid expenditure was more than double that of the previous year with no significant increase in administration expenditure. The value of shares and dividends paid have continued to improve and more than offset expenditure with the assets of the Trust now slightly in excess of £2 million.

On behalf of the Trustees



Sir Michael Strang Steel
Date: 19th July 2005

PROJECTS COMPLETED THIS YEAR

UK Forests: Carbon Assets (Edinburgh Centre for Carbon Management): Human-induced climate change is widely acknowledged as the greatest environmental threat of the 21st Century. The UK and other industrialised countries must halve their carbon dioxide emissions by the middle of this century to stabilise global warming gases in the atmosphere. This reduction must be achieved while allowing for continued economic growth - through the development of a "low carbon economy". No single technology can provide a complete solution. Forests, wood products including biomass can play major roles. The role of the UK forest sector within the national climate strategy is currently minor. However, examination of the potential carbon benefits from growing forests, timber products and forest bioenergy indicates that avoided emissions of around 8 Mt C/yr – at least 10% of what is needed to halve UK emissions by 2050, could be achieved. This would require a strategy of expansion towards 25% forest cover, combined with active programmes to increase the use of timber within construction and to promote the effective use of forest bioenergy. The most effective use of forest products from a carbon management perspective is to replace "carbon intensive materials", such as bricks, cement, and steel with timber. Increasing the forest resource to 25% by 2050 could provide sufficient construction timber to avoid at least 2 Mt C/yr for the second half of the century. Forests are one of the most cost-effective and flexible sources of renewable energy. Forest bioenergy does not suffer from the problems of intermittency associated with many other renewable sources and requires lower energy inputs per unit output than agricultural crops. Among the recommendations made is that labelling for carbon intensity would enable consumers and specifiers to make more informed choices of best use of limited resources.
During the next twelve months these results of this review will be publicised more widely with policy makers in particular being targeted. Copies of the full report are available free.

Centre for Timber Engineering (Napier University): The Centre for Timber Engineering was established in 2002 with the help of funding from Scottish Enterprise and timber industry sponsors. The Scottish Forestry Trust provided the total sum of £10,000 over the first three years. Since being established the Centre has become the focus in providing education, research and consultancy in the various constructional uses of timber. The Centre offers timber engineering modules for HND in Civil Engineering in addition to their degree and postgraduate courses in Timber Engineering and Timber Industry Management. Short courses on the various constructional uses of timber for the building and engineering industries have also been developed.

Woodfuel (Christine Stark): Support was provided to undertake a MSc thesis at Edinburgh University with the title *Woodfuel and Community Woodlands in Scotland: A Feasibility Study of Woodfuel Supply from Abriachan Community Woodland.* This study looked at the small roundwood resources available from the community woodland for the production of woodfuel from 2001 to 2020. A cost-benefit analysis based on the potential demand for woodfuel heating in the community and surrounding area is presented. Various options are assessed including the supply of woodfuel to a local district-heating scheme, individual local homes and nearby hotels. Supply of woodfuel to local hotels would be the most lucrative option. A manuscript has been submitted for publication in *"Scottish Forestry"*.

Beyond Wood (Commonwealth Forestry Association): Partial funding was provided to support a workshop for young foresters held at the Eden Project, Cornwall in December 2004 which attracted 30 participants from eight countries. Over 150 non-timber forest products are collected and traded throughout the world, but there are differences in opinion concerning the best way to utilise these products to improve the livelihoods of rural poor, whilst protecting biodiversity and ensuring sustainability.

Hardwood Grading (Forestry Commission): This project part funded by the Trust has produced a *Guide to Appearance Grading UK Grown Hardwood Timber*, with the aim of encouraging greater use of UK grown hardwoods. It provides information on the range of quality available and highlights the special features of UK grown hardwoods that are often difficult to obtain from imports. Although not generally available in large volumes, UK hardwoods can be very decorative with a range of species and characteristics. The quality of sawn timber varies widely according to factors such as species, growth conditions, age of tree, and the way it was converted into timber. The intention is that this guide will be useful to hardwood producers and specifiers as well as end users on how to obtain timber to meet their needs. The publication is available from the Forestry Commission.

ONGOING PROJECTS

Development of a Single Tree Distance Dependent Growth Model for Sitka Spruce (*Picea sitchensis)* and Birch (*Betula spp.*) (Dr A Pommerening and O Davies, University of Wales, Bangor): This study is part of the *Tyfiant Coed* project at the University which is to develop a decision support system for continuous cover forestry with Sitka spruce and birch which produces alternative silvicultural scenarios for specific forest stands and delivers accurate forecasts in terms of yield, economics and ecological consequences. The main focus of the research in this PhD thesis has been on crown dimension modelling using data collected from permanent sample plots and then to test a series of established and novel crown models. These should allow the relationships between crown dimensions and stand structure to be explored.

TV Forestry Programmes (Forest Green Mantle Ltd): The Trust is supporting the initial preparation of a potential series of TV programmes, which will explore and explain the critical importance of global forests to the emergence of human civilisation, and the new understanding of forests' continuing central role in our sustainable future. The programmes also plan to look at the controversial story of people using and abusing the world's forests. Discussions are taking place with a potential producer.

External Timber Cladding (The Highland Council): The Highland Council is acting as project leader of partner organisations to undertake a three year trans-national research project on *External Timber Cladding in Maritime Conditions*. The project budget is some £680,000 provided mainly from the *EU Northern Periphery INTERREG III Programme* and includes Scotland, Norway, Faroes and Iceland. The Scottish Forestry Trust's contribution of £15,000 over three years was important as a significant source of "private match funding" to secure the EU funding. The project aims to improve the performance, cost effectiveness, and sustainable development benefits of timber clad housing in the exposed maritime areas of the northern Atlantic. Laboratory tests have been completed and exposure trials set up. The project is planned to finish in December 2005.

Continuous Cover Forestry (Forest Research): The Trust has commissioned Forest Research to undertake a comprehensive overview of current knowledge about the impacts of transforming even-aged stands to continuous cover forestry silvicultural systems on timber quality and supply of softwoods in the UK (with particular emphasis on Sitka spruce, Douglas fir and Scots pine). Forest Research was asked to catalogue existing growth, yield and timber models which might be used to predict impacts and to present a problem analysis evaluating the options for further research that would allow forest managers and sawmillers to forecast the impacts of the transformation of stands on timber quality and supply. The report is expected by autumn 2005.

***Anisogramma* on Birch** (Forest Research and Aberdeen University): The aim of the PhD study is to determine the distribution patterns and infection biology of *Anisogramma virgultorum* on birch in Scotland. Surveys of birch stands have been carried out and a natural infection experiment set up. Sixteen provenances of silver and downy birch for an artificial inoculation experiment have been selected and the experiment will start in spring 2006.

Non-Timber Forest Products (Forest Research): The Trust is the major funder of a study looking at *Wild Harvests from Scottish Woodlands*. The technical report, due for completion in mid-2005 deals with social, cultural, and economic values of contemporary non-timber products (NTFPs) and their implications for policy. Interviews with 30 NTFP gatherers have been conducted in the South of the country and in the Black Isle region. Scottish gathers collect 200+ NTFPs from over 194 vascular and fungal species.

Loch Lomond Native Forest Centre (Royal Scottish Forestry Society Forest Trust Co Ltd): The Interpretation and Display area at the Loch Lomond Native Forest Centre, Cashel will be officially opened in June 2005. This area will house displays to illustrate the history and development of native trees on Loch Lomondside, the attractive and varied scenery, trees and wildlife, and walks in the Loch Lomond area including at Cashel. Particular attention is being paid to presenting material to interest school children. The building will also be used for meetings and special exhibitions and events are planned.

APPOINTMENT OF TRUSTEES AND INDUCTION

Trustees are appointed for their experience, expertise and objectivity, and provide a good balance of appropriate skills on the Board according to the Trust's constitution. Often the views of others outwith the Trust or other organisations are sought before the appointment is made.

The new appointee is invited to attend a meeting prior to taking up the appointment and comprehensive information is provided on the Trust including its management and achievements to date.

BIOGRAPHICAL NOTES ON CURRENT TRUSTEES

Sir Michael Strang Steel Bt CBE has been Chairman of the Scottish Forestry Trust since 2002 and a Trustee from 1997. He lives near Selkirk, in the Scottish Borders, where he has farming and forestry interests. He was a Forestry Commissioner from 1988-99 and Chairman of the Native Woodlands Advisory Panel during this time. He is Chairman of the Royal Scottish Forestry Society Forest Trust Co and Chairman of the Timber Marketing Group. Sir Michael is a member of the Forestry and Timber Association, the Scottish Landowners Federation, Deer Commission for Scotland, the Royal Society for Protection of Birds, and is Chairman of the Southern Uplands Partnership.

Dr Christine Cahalan is Senior Lecturer and Deputy Head of the School of Agricultural and Forest Sciences, University of Wales, Bangor. She is a current member of the Forestry Commission Advisory Committee on Forest Research, the editorial board of *Forestry*, and the Executive Committee of the Royal Forestry Society (North Wales Division). Christine is the current external examiner BSc Forest and Woodland Management and BSc Forestry, University of Central Lancashire. She is a former member of: QAA (Quality Assurance Agency) benchmarking group for Agriculture, Forestry, Agricultural, Food and Consumer Sciences, and the Technical Sub-Committee of the Forestry Commission's Advisory Panel.

John R Firn, Managing Director of Firn Crichton Roberts Ltd, an economic development consulting company based in Pittenweem, Fife. He is a graduate of both the Edinburgh School of Agriculture and the University of Sussex. He founded Firn Crichton Roberts Ltd in 1984. and prior to that he was for seven years Deputy Director of Planning and Projects and Head of Industrial Programmes at the Scottish Development Agency. He has been a senior advisor on international investment policy and MNE projects to UNCTAD and UNIDO. John has been a Trustee of the Scottish Forestry Trust since 1996, is currently the UK Chair of the Forestry and Timber Association, and a Director of the Confederation of Forest Industries (UK) Ltd – ConFor, and the Institute of Economic Development

Anthony Hart has been based in Perth since 1990 and is one of 17 Equity Partners of Bidwells Property Consultants - a firm of over 350 staff operating from 13 offices in the UK. Anthony has overall responsibility for the firm's business throughout Scotland. As the son of HM Senior Verderer of the Forest of Dean, Anthony has been immersed in forestry since an early age. A graduate of University College of North Wales, commercial forestry is Anthony's professional specialism. Subsequent training in Land Economy at Reading University has led him to provide advice to a wide range of clients, from Financial Institutions, through Family Trusts to private individuals.

John A Kissock OBE graduated with a B.Sc.Hons. in forestry from Aberdeen University in 1974. From there he joined James Jones & Sons as a Graduate Trainee, progressing to Area Manager, Director and now Joint Managing Director. His main interest lies in the processing and marketing of the sawn products from UK sawlogs. James Jones currently produces in excess of 300,000 m^3 of sawn timber. In addition, he has a strong interest in the development of engineered timber products having worked with colleagues to set up the first production line in the UK for I Joists. A past president of the UK Softwood Sawmillers Association he has also served as a director of TRADA and Chairman of the Management Board for the Centre for Timber Engineering, Napier University. He is currently Chairman of the UK Timber Grading Committee.

Bill Mason is based at the Northern Research Station of Forest Research near Roslin. He joined the Forestry Commission in 1977 following studies at Cambridge, Bangor and Imperial College, London. He was a forest

manager in Suffolk and in south Scotland before coming to NRS in 1982 to lead the programme on forest nursery research. In 1991, he was appointed Head of the Silviculture Branch at NRS and he is now Head of Forest Management Division as well as leading the programme on Alternative Silvicultural Systems for Conifer Forests. He has been a Trustee of the Scottish Forestry Trust since 1997. He and his family also own and manage woodlands in the north Midlands of England.

Willie McGhee is Director and one of the founders of Edinburgh Centre for Carbon Management. He is a forest ecologist whose pioneering work in social and environmental forestry has influenced the direction of community and native woodland initiatives in the UK. His main interest is promoting environmentally and socially responsible forest management. He has extensive experience of establishing and assessing forestry programmes and projects, both in Europe and in developing countries. He has carried out forest based ecological research and silvicultural assessment for governmental organisations such as Scottish Natural Heritage and the Forestry Commission, the private sector such as Shotton Forest Management and the environmental sector such as World Wide Fund for Nature Scotland. Publications include jointly authored papers for the OECD, the United Nations FAO (State of the World's Forests 2001) and World Wide Fund for Nature. Willie is a Director of Borders Forest Trust, managing projects on floodplain woodland restoration, community woodland establishment and ancient semi-natural woodland conservation. He is Chairman of Habitat Scotland; a Director with Tweed Forum; and a member of the Forestry for People Advisory Panel to the Forestry Commission.

Robert Scott OBE FRICS, studied Rural Estate Management at RAC Cirencester. Based at Baronscourt in Co Tyrone, Robert has been Agent and Factor with Abercorn Estates since 1977, where his responsibilities include the management of approximately 2,400 hectares of forestry in Scotland and Northern Ireland. From 2002 to 2004 he was Chairman of the Forestry & Timber Association, and continues to be FTA's representative on the European Confederation of Forest Owners, the Northern Ireland representative on the Royal Forestry Society Council, and Director of the Confederation of Forest Industries (UK) Ltd. He has a keen interest in continuous cover forestry, in developingthe sporting and recreational potential of woodlands, and in forest industry development in the UK and Ireland.

Michael Williams MBE is a farmer from East Lothian with a deep interest in farm conservation and farm woodlands. Michael is currently a Trustee of Farming and Wildlife Advisory Group, Director of Southern Upland Partnership, and member of Scottish Natural Heritage East Board. He is also a member of Scottish Biodiversity Forum Rural and Landuse Working Group and has been a Trustee of the Scottish Forestry Trust since 2002.

Dr Steve Woodward is senior lecturer in forestry in the School of Biological Sciences at the University of Aberdeen, specialising in tree pathology and urban forestry. He is editor of *Forest Pathology* and associate editor of *Phytopathologial Mediterranea* and the *Journal of Plant Pathology*; currently he acts as secretary to the EU-funded COST Action C15 on urban infrastructure-vegetation interactions. Since joining the staff at Aberdeen in 1989, Dr Woodward's research has focused on root-infecting pathogens of forest trees, including leading three major EU-funded projects on *Heterobasidion* (Fomes); other research has included the ecology of wood inhabiting micro-organisms, modelling of forest tree disease dynamics, fine root pathogens in Scots pine forests and biological control of pathogens. In addition to work in north temperate forests, Dr Woodward has also worked on pathogenic fungi in tropical forests and on genotyping of important tropical timber tree species. During the course of this work, he has travelled extensively in Europe, Africa, Asia and Australasia.

RECIPIENTS OF *JOHN EADIE MEMORIAL FELLOWSHIPS*

A John Eadie Memorial Fellowship is awarded normally every two years. The aim of the fellowship is the betterment of British forestry by making use of expertise not readily available here.

1998:	Professor Richard H Waring, Oregon State University, USA
	Dr Euan G Mason, University of Canterbury, NZ
2000/01:	Professor William R Burch, Yale University, USA
2002/03:	Dr Jean-Michel Leban, INRA, FRANCE

This fellowship is normally awarded every second year. Next award expected in 2006.

THE SCOTTISH FORESTRY TRUST

INCOME and EXPENDITURE ACCOUNT and STATEMENT of FINANCIAL ACTIVITIES

For the year ended 31 March 2005

	Notes	Restricted Funds	Un-restricted Funds	2005 £	2004 £
Incoming resources					
Activities in furtherance of the Charity's objectives:					
Donations		-	620	620	550
Grants		5,500	-	5,500	2,500
Investment income		-	76,695	76,695	83,984
Other income		-	136	136	104
Total incoming resources		5,500	77,451	82,951	87,138
Resources expended					
Cost of generating funds:					
Investment management fees		-	12,964	12,964	12,250
Costs of activities in furtherance of the charity's objectives:					
Project grants	2	8,000	75,433	83,433	40,046
Publicity – Royal Scottish Forestry Journal		-	-	-	5,000
Management and administration	4	-	31,754	31,754	34,203
		8,000	107,187	115,187	79,249
Total resources expended		8,000	120,151	128,151	91,499
Net outgoing resources		(2,500)	(42,700)	(45,200)	(4,361)
(Losses)/gains on investments					
Realised		-	(26,617)	(26,617)	24,903
Unrealised	6	-	179,111	179,111	207,927
Net movement in funds		(2,500)	109,794	107,294	228,469
Fund balances at 1 April 2004		2,500	1,970,270	1,972,770	1,744,301
Fund balances at 31 March 2005	11	-	2,080,064	2,080,064	1,972,770

The notes on pages 14 to 18 form part of these financial statements

THE SCOTTISH FORESTRY TRUST

BALANCE SHEET

As at 31 March 2005

	Notes	£	2005 £	£	2004 £
Fixed Assets	5		-		-
Investments	6		1,906,647		1,819,344
Current Assets					
Bank	7	180,116		161,424	
Debtors	8	1,324		2,956	
		181,440		164,380	
Creditors: amounts falling due within one year	9	(8,023)		(10,954)	
			173,417		153,426
Net assets			2,080,064		1,972,770
Represented by:					
Unrestricted funds	10		2,080,064		1,970,270
Restricted funds	10		-		2,500
			2,080,064		1,972,770

Approved by the Board of Trustees on 19th July 2005 and signed on its behalf by:

..... Chairman
Sir FM Strang Steel Bt, CBE

..... Trustee
JR Firn

The notes on pages 14 to 18 form part of these financial statements

THE SCOTTISH FORESTRY TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

1. Accounting Policies

Basis of accounting
The financial statements have been prepared on the historical cost convention as modified by the revaluation of investments and are in accordance with applicable accounting standards and the 2000 Statement of Recommended Practice "Accounting and Reporting by Charities".

Tangible fixed assets
Tangible fixed assets are capitalised at cost.

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	- 20%
Computer equipment	- 33%

Investments
Investments are included in the balance sheet at their market value at the balance sheet date. Gains and losses arising are recognised in the income and expenditure account and statement of financial activities.

Investment income
Investment income is recognised when received together with the related recoverable tax credits.

Donations
Donations are recognised when receivable.

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

Trust funds
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. The Trust also has a designated fund, which may be used by the Trustees to fund market research and publicity. Details of the Restricted Fund of the Trust are given in note 10.

2. Project grants

	2005	2004
	£	£
Hardwood Grading	2,000	-
Wood Fuel for Communities	1,210	-
Continuous Cover Forestry	16,000	-
Anisogramma on Birch	15,905	-
Non-timber Forest Products	14,000	-
Better Trees Better Profits	207	-
Genetics Fragmented Populations	-	4,735
TV Forestry Series	148	124
Sitka & Birch Model	7,367	3,607
Centre for Timber Engineering	3,000	3,000
Sector Sustainability Report	-	3,000
Selection of Ash	-	5,000
External Timber Cladding	5,000	5,000
UK Forests – Carbon Assets	11,137	6,250
Cashel Forest Centre	5,000	5,000
Silviscan	-	330
John Eadie Memorial Fellowship – Dr Leban	459	4,000
Beyond Wood	2,000	-
	83,433	40,046

All of the above grants were made to institutions

3. Staff costs

	2005	2004
	£	£
Director's salary	15,760	15,375
Social security	1,411	1,377
	17,171	16,752

The average number of employees during the year was:	No.	No.
Administration	1	1

During the year the trustees received no remuneration, but were reimbursed expenses totalling £1,168 (2004: £905). These expenses were incurred in respect of travel and subsistence while attending Trustees' meetings.

No employee received emoluments over £50,000.

4. Management and administration expenditure

	2005 Total £	2004 Total £
Employment costs (Note 3)	17,171	16,752
Office costs	8,614	11,437
Publicity	147	-
Trustee expenses	1,168	905
Professional fees	4,037	3,883
Bank charges	216	54
Annual report costs	401	900
Depreciation	-	272
	31,754	34,203

Net outgoing resources is stated after charging:	2005 £	2004 £
Operating leases	3,200	3,200
Auditors' remuneration - audit fee	1,500	1,450
- other	175	315
Depreciation	-	272

5. Fixed Assets

	Office Equipment £
Cost	
At 1 April 2004 and 31 March 2005	2,935
Depreciation	
At 1 April 2004 and 31 March 2005	2,935
Net Book Value	
At 31 March 2005	-
At 31 March 2004	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd) For the year ended 31 March 2005

6. Investments

	2005	2004
	£	£
Market value at 1 April 2004	1,819,344	1,634,260
Additions at cost	378,772	519,249
Disposals	(470,580)	(542,092)
Net unrealised gains on revaluation	179,111	207,927
Market value at 31 March 2005	1,906,647	1,819,344
Historical cost at 31 March 2005	1,673,026	1,811,131

Investments which exceed 5% of the total portfolio valuation are as follows:	£
Treasury 5% 2008	111,374

7. Bank

	2005	2004
	£	£
Operating accounts	64,887	96,728
Capital accounts	115,229	64,696
	180,116	161,424

8. Debtors

	2005	2004
	£	£
Taxation recoverable	-	2,911
Accrued income	1,180	-
Prepayments	144	45
	1,324	2,956

9. Creditors

	2005	2004
	£	£
Other creditors	1,219	1,190
Accruals	6,804	9,764
	8,023	10,954

10. Movement in Funds

	Balances at 1 Apr 2004	Incoming Resources	Outgoing Resources	Investment Gains	Balances at 31 Mar 2005
	£	£	£	£	£
Unrestricted funds					
Revenue fund	71,803	77,451	(119,250)	-	30,004
Capital fund	1,890,499	-	(754)	152,494	2,042,239
Designated Publicity Fund	7,968	-	(147)	-	7,821
Restricted fund					
Wild Harvests contract	2,500	5,500	(8,000)	-	-
	1,972,770	82,951	(128,151)	152,494	2,080,064

The Restricted fund represents funds received from partners to a contract to produce a report entitled "Wild Harvests from Scottish Woodlands; Exploring social, cultural, and economic values of contemporary non-timber forest products". The Trust is responsible for coordinating the project and for holding funds contributed by the partners.

11. Analysis of Net Assets Between Funds

	Revenue Fund	Capital Fund	Designated Publicity Fund	Restricted Fund	Total
	£	£	£	£	£
Investments	-	1,906,647	-	-	1,906,647
Current assets	38,027	135,592	7,821	-	181,440
Current liabilities	(8,023)	-	-	-	(8,023)
Total net assets	30,004	2,042,239	7,821	-	2,080,064

12. Commitments

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

Financial Year	Total
£	£
2005/06	66,394
2006/07	41,477
2007/08	39,304

13. Related party transactions

The Trust rents office accommodation and receives administrative support from the Forestry & Timber Association (FTA) in accordance with an agreement dated 22 October 2002. Mr JR Firn, a Trustee of The Scottish Forestry Trust is chairman of the FTA, and Robert Scott is FTA's European representative. In the year ended 31 March 2005, the Trust paid office rent of £3,200 (2004: £3,200) and administrative support costs of £5,183 (2004: £8,237).

£7,367 was paid as a grant during the year to the University of Wales, Bangor for a project on *Sitka and Birch Model.* Dr CM Cahalan, who is a Trustee of The Scottish Forestry Trust, is senior lecturer in that department of the university.

Grants totalling £37,905 were paid during the year to Forest Research for reports on *Anisogramma on Birch*, *Continuous Cover Forestry*, and *Non-Timber Forest Products*. Mr WL Mason, who is a Trustee of The Scottish Forestry Trust, is a senior member of staff at Forest Research.

£11,327 was paid as a grant during the year to the Edinburgh Centre for Carbon Management (ECCM) for a review of *UK Forests – Carbon Assets.* Mr W McGhee is a director of ECCM.

£118 was paid as a grant during the year to Forest Green Mantle Ltd, of whom Mr JR Firn (Trustee) and Dr D Rook (Director of the Scottish Forestry Trust) are directors, for the *TV Forestry Series.*

During the year £5,000 was paid to the Royal Scottish Forestry Society Forest Trust Co, of whom Sir Michael Strang Steele (Trustee) is chairman, towards the construction of *Loch Lomond Forest Centre.*

CHIENE & TAIT

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF

THE SCOTTISH FORESTRY TRUST

We have audited the accounts of the Scottish Forestry Trust for the year ended 31 March 2005 set out on pages 12 to 18. These accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 7 of the Charities Accounts (Scotland) Regulations 1992. 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 auditors' 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.

Respective responsibilities of trustees and auditors
As described in the Statement of Trustees' Responsibilities the charity's trustees are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990, the Charities Accounts (Scotland) Regulations 1992 and the constitution of the charity. We also report to you if, in our opinion, the Trustees' Report is not consistent with the accounts, if the Trust has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the Trust is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

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

Opinion
In our opinion the accounts give a true and fair view of the state of the Charity's affairs as at 31 March 2005 and of its incoming resources and application of resources including, in its income and expenditure account, the surplus or deficit for the year then ended and have been properly prepared in accordance with the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990, the Charities Accounts (Scotland) Regulations 1992 and the Trust Deed.

Chiene & Tait CA
Registered Auditors
61 Dublin Street
Edinburgh
EH3 6NL

19th July 2005

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

GIFT AID DECLARATION

The Scottish Forestry Trust

Donor's details

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

Full name (in CAPITALS) .....

Address (in CAPITALS).....

.....

.....

Postcode.....

I want The Scottish Forestry Trust to treat:

(# delete as applicable)

the enclosed donation of £.....

the donation(s) of £.....which I made on ...../...../.....

all donations I make from the date of this declaration until I notify you otherwise.

all donations I have made since 6 April 2000, and all donations I make from the date of this declaration until I notify you otherwise.

as Gift Aid declarations

Donor's signature .....Date.....

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