



Report and Financial Statements

Year ended 31st March 2019

Charity No. SC008465

www.scottishforestrytrust.org.uk

The Scottish Forestry Trust

Chairman's Foreword

For the year ended 31 March 2019

The Trust continued to make steady progress during the year to 31 March 2019. We made a record level of payments totalling £104,686 to fourteen existing projects. We also committed a further £143,128 on charitable activities in support of 9 new projects. A further two research projects were approved but did not legally commit their contracts during the Financial Year. Our current project portfolio stood at thirty two projects with a total value of £2.22 million and a Trust approval of £615,779, giving a leverage of £3.60 for every project £1 we spend.

Accounting practices require the Trust to show the total financial support the Trustees are committing to a project when a contract is initially signed, rather than when any staged payments are made.

The Trust's investment portfolio made further progress and at 31 March 2019 was valued at £2,886,211, an increase of £100,350 for the year. We are very grateful to Brewin Dolphin for their professional management of the Trust's portfolio since June 2011 and to SFT Trustee Alan Black in particular, whose fund management expertise proved invaluable throughout the year. During the year we undertook a review of the performance of our fund managers and were pleased to agree to their ongoing management for at least a further three years.

Whilst the financial details are always important, it is very easy to overlook the fact that the Trust's work is fundamentally about helping and supporting people to gain, and spread forestry related knowledge through research, education and training. Behind the technical descriptions of the projects that we have supported are individuals, many of whom are starting out on their careers in forestry. The Trustees recognise the need to support them in the advancement of their careers and in spreading tree related knowledge to more people. Having skilled and knowledgeable people will be essential to enable the forestry sector to meet current and future challenges.

Our Bursary funded PhD students continue to progress towards completion with seven students currently being supported to carry out research studies in a wide range of subjects. These students require long term support and our funding will enable the last of the projects to be completed in 2023. We could not have carried out this work without the past support of the Forestry Commission and Forestry Commission Scotland to whom I must express my sincere thanks.

We continued our partnership with Tilhill Forestry clients and QBE Business Insurance and, thanks to their generous assistance, we have been able to support projects undertaking applied research into reducing risks in UK forests and woodlands. Our thanks go to Tilhill Forestry for enabling this important initiative to take place.

Trustees are seeking to raise the profile of the Trust, and to explain and promote the work the Trust supports, through our website and e-newsletter. During the year, we completely revised the look and functionality of our website, updating it to improve its functionality on mobile devices and including recent photographs from projects we have supported. Our e-newsletter is now circulated directly to over 270 people but there were over 600 readers of our latest issue. This is encouraging and we hope numbers directly receiving the e-newsletter will continue to increase, leading to greater awareness of our work and stronger applications for our assistance.

The money available for research, education and training, and the priorities and structures of government organisations and universities continue to change, as do the research needs of the sector. This is all carefully monitored by the Trustees who continually seek ways to contribute and support the sector in the most effective ways possible with the resources it has available.

The reporting year has been our busiest for over a decade with more funding paid out to projects and the highest value of new approvals, we have ever made. With finite resources available, Trustees are always looking for new donors because with more funding the Trust can increase the help and support it provides at a time when the sector faces a number of major challenges, particularly around resourcing research activity.

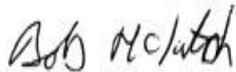
The Scottish Forestry Trust

Chairman's Foreword (contd.)

For the year ended 31 March 2019

We are particularly keen to see an increase in gift aided donations and legacies from woodland owners, and other people with an interest in trees, who benefit indirectly from the past and present work of the Trust and who wish to see these benefits increase in the future.

Finally, I would like to my fellow Trustees for all their work and support over the year. I would also like to offer specific thanks to Bob Stubbs, our Director, for all the work he has done and continues to do. The tireless commitment of all of them to the work of the Trust is essential and very much appreciated.

A handwritten signature in black ink, appearing to read 'Bob McIntosh', written in a cursive style.

Dr R McIntosh

The Scottish Forestry Trust

REPORT of the TRUSTEES

For the year ended 31 March 2019

Reference and administrative information

Trustees

Dr R McIntosh, Chair
Dr M A Pinard, Chair of the Projects and Research Committee
Prof J Grace, Member of the Projects and Research Committee
Dr K Kirby, Member of the Projects and Research Committee
Prof S Leather, Member of the Projects and Research Committee
H McKay, Member of the Projects and Research Committee
A Black
G Callander
P Gordon-Duff
J M Gibson
R Browne

Director

R Stubbs

Administrative support

E Hughson

Registered Office

59 George Street, Edinburgh, EH2 2JG

Website

www.scottishforestrytrust.org.uk

Charity Number: SC008465

Auditors

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

Bankers

Adam & Company, 25 St Andrew Square, Edinburgh, EH2 1AF
Virgin Money, 9 Castle Street, Edinburgh, EH2 3AH

Legal Adviser

Addleshaw Goddard, Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH

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 the following donors to the Trust's funds this year:

A Gunn
R D Macleod

The Trust received donations and legacies of £820 during the course of the year.

The Scottish Forestry Trust

REPORT of the TRUSTEES (Contd.)

For the year ended 31 March 2019

The Trustees present their report and the audited financial statements of The Scottish Forestry Trust for the year ended 31 March 2019. 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 research projects.

The objectives of the Trust continue to be met fully through grant aiding projects on research, education and training using the Trust's investment income. A proportion of the research 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 and Forestry Commission Scotland, 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 are now a regular feature following each Trustees meeting and are available to those who sign up to receive it through our website. It is aimed at both promoting the work of the Trust more widely and in stimulating interest in our projects by the research community.

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REPORT of the TRUSTEES (Contd.)

For the year ended 31 March 2019

Activities and Achievements (Contd.)

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 are 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 £104,686 on staged payments to projects where commitments had already been made. We approved future commitments of £143,148 to a number of new projects with payments to them continuing to 2023 for some projects.

Trustees are pleased with the progress achieved during the year 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>

Completed Projects

The impact of commercial woodland management on temperate insectivorous bats – (University of Bristol and University of Cumbria)

Bats account for a third of UK mammal species. All species have seen a marked decline over the last century and are afforded full protection under European and domestic legislation. A change in woodland management has been shown to impact on woodland foraging bat species and their prey. This PhD project will investigate bat and prey communities in broadleaved woodlands.

An advanced assessment of minor GB conifer species – (Edinburgh, Napier University)

The aim of this Bursary Award Scheme funded project is twofold. Firstly, to provide a review of how noble fir (*Abies procera*), western hemlock (*Tsuga heterophylla*), Norway spruce (*Picea abies*) and western red cedar (*Thuja plicata*) perform in Great Britain in terms of harvested crop quality for solid wood applications. Little is known of the timber properties of these domestically grown species, but the probable increase in planting, due to concerns over pathogenic risks to our main timber commercial species warrants this investigation. Secondly, the aim is to develop methods of measuring tree architecture using state of the art terrestrial laser scanning technology and to develop improved acoustic assessment for determining wood stiffness in standing trees; methods that would be of benefit to the forest sector.

Regeneration & growth models for MOSES-GB – (Forest Research Agency and Bangor University)

MOSES-GB is a distance-independent individual tree growth model based on the MOSES (MOdelling Stand rESponses) concept that was originally developed in the University of Natural Resources and Life Sciences (BOKU), Vienna, Austria. This 3-year PhD project augments the development of [MOSES-GB](#) continuing within the Forestry Commission's Forest Research Agency. The models produced during this PhD project will simulate the patterns of regeneration and early growth of tree species likely to be managed under low impact silvicultural systems (LISS) in Britain.

The Scottish Forestry Trust

REPORT of the TRUSTEES (Contd.)

For the year ended 31 March 2019

Activities and Achievements (Contd.)

Shaping the Future of Forestry

This project is being led by the Sylva Foundation and supports the undertaking of another in the series of British Woodland Surveys carried out by the Foundation in partnership with Forest Research and the Universities of Oxford and Bangor.

The survey will include engagement of landowners, scientists and policy makers throughout Britain which ultimately will lead to the production of the survey results in 2017, gathering state of the art intelligence about British forestry and will disseminate the results widely.

Assessing the value of secondary woodlands for biodiversity

Woodland creation and restoration are often assumed to benefit biodiversity. However, slow habitat succession rates and time lags in species responses have resulted in a lack of empirical studies assessing the long-term value of these activities. The work proposed in this application will use ancient semi-natural woodlands (250+ years old; usually regarded as high quality habitats for many taxa) as reference sites to assess how secondary woodlands planted over the last century are performing in terms of their value for biodiversity, using moths (a biologically-diverse group and indicator for forest quality and wider biodiversity) as a case study. We will identify key differences in habitat structure between ancient and secondary woodlands and explore how these relate to woodland moth communities. These findings will provide scientific evidence to inform conservation actions and policy aimed at increasing the value of secondary woodlands for biodiversity.

Using satellite imagery to improve *Hylobius* risk prediction

Hylobius damage continues to be a significant cause of tree seedling mortality, especially on restock sites. There has been extensive research to collect and count adult *Hylobius* with the aim of understanding the population dynamics at clearfell sites, the damage to newly planted seedlings at the sites and dispersal to neighbouring locations. This has led to the development of the models of *Hylobius* dynamics and tree damage that underpin the *Hylobius* Management Support System and subsequently wide-scale empirical forest monitoring of *Hylobius* populations by forest practitioners to use this 'site-specific' decision support system.

One of the challenges to model development has been obtaining accurate data on the wider-scale location of areas felled, often from multiple owners, from month to month or even week to week. Most records are only available at a much coarser resolution and with unknown accuracy. Fine resolution data are needed to relate the location, scale and timing of creation of the felled areas, to the seasonal development of *Hylobius*, in particular the time of emergence and flying from 'source' to 'sink', respectively.

Satellite data may provide the answer and this project will assess the effect of the improved felling information/data on the accuracy and precision of the algorithms underpinning the Genomia spatio-temporal models used to predict forest-scale risk and how this might improve interaction with the *Hylobius* Management Support System.

Career pathways and Education Provision for Forestry– (The University of Aberdeen)

This research was commissioned jointly with the Forestry Commission and undertaken by the University of Aberdeen. Given concerns with attracting young people to careers in forestry, and the need to understanding the life and educational experiences that influence career choice with respect to forestry, this study looked at the personal experiences that may have influenced views of forestry as a career. The research reports the findings from online questionnaires from four case study schools and two Scottish Universities.

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REPORT of the TRUSTEES (Contd.)

For the year ended 31 March 2019

Activities and Achievements (Contd.)

Career pathways and Education Provision for Forestry– (The University of Aberdeen)

While this was a small-scale study using only four case study schools and responses from a small number of forestry students and career guidance teachers, it does, nevertheless confirm studies which have been concluded elsewhere, but not in Scotland. In this respect it confirms in a Scottish context some of the findings of the Royal Forestry Society Forestry Skills Study for England and Wales and also their study of current and future skills in the forestry sector. What becomes clear is the lack of awareness or understanding of the diversifying range of job and career opportunities currently and potentially available in the forestry sector.

Ongoing Projects

Woodland Planting and Natural Flood Management – Heriot Watt University

Woodland expansion is a key objective of the Scottish Government, strategic to mitigating climate change, stimulating economic development and supporting sustainable flood management. This case study based project therefore aims to quantify the contribution of large-scale (up to 50% catchment area) woodland planting for Natural Flood Management (NFM) purpose. Field monitoring of runoff and sediment delivery will be analysed for different cultivation areas (ploughing, excavator mounding, hand mounding, rotary mounding, screefing). Complementary data will also determine the effectiveness of good practice controls (e.g. restricting furrow length/depth; vegetation filter strips; silt traps). Numerical hydraulic models will then appraise how planting techniques and controls, including future scenarios for woodland maturation, alters flood risk. Outcomes intend to influence the planned Forestry Commission's 'Practice Guide' and SEPA's 'NFM Handbook' on managing forestry for flood risk benefit. Collaboration includes Heriot-Watt University, Tillhill Forestry, Forest Research, Clackmannanshire Council, JBA Consulting and SEPA. The project is due to be completed later in 2019.

Who will pay for Urban Forest Climate Regulation Services? – Southampton University/Forest Research

This PhD research project is a collaborative undertaking between the University of Southampton and Forest Research to analyse the extent to which Payments for Ecosystem Services (PES) schemes can promote investment in urban woodlands as a means of minimizing the impacts of climate change in built-up areas. The studentship is due to be completed in 2020.

Ownership effects on benefits from woodland expansion – Forest Research/University of Edinburgh

The Millennium Ecosystem Assessment provided evidence that over 60% of ecosystem services (ES) are currently being degraded/used unsustainably (MEA, 2005), and biodiversity loss continues, with over 18% of species and 33% of habitats thought to have been lost in Scotland.

These challenges present an opportunity to evaluate the impact of previous woodland expansion on ES, by assessing how ES vary in different contexts and what trade-offs exist between woodland and other land uses. The recent growth and improvement in methods to quantify ES (ES indicators) means that there is an excellent opportunity to make use of new tools for ES evaluation that have not been used before. The studentship is due to be completed in 2019.

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REPORT of the TRUSTEES (Contd.)

For the year ended 31 March 2019

Activities and Achievements (Contd.)

Development and Publication of Tree Work Guides

This project is being carried out by the Arboricultural Association and will create a suite of supporting technical guides which will provide detailed, practical guidance for arboricultural operatives. Building on the recent development of the Industry Code of Practice for Arboriculture, the guides will describe "industry good practice" and will support training programmes and provide the benchmark standards for a range of practical arboricultural operations. The guides will be designed to be accessible to operators with high quality photographs and illustrations and will be available during 2019.

The Ecology and Genetics of Native Scottish Crab Apple

This is the first of a suite of three projects being carried out by Dr. Rick Worrell in association with the Falkland Stewardship Trust. Crab apple (*Malus sylvestris*) is probably Scotland's least researched and understood native tree species, and this project sets out to remedy this by providing ecological, genetic and management information. It is a rare but ecologically valuable species that is currently undervalued in forestry. Importantly, the species is known elsewhere in Europe to be at risk from hybridisation with domestic apples.

The objectives of the work are to: a) Carry out an inventory of wild-grown apple trees, recording their morphology and the ecology of the sites and woods they occur in; b) Have an RBGE student investigate the problem of hybridisation and describe genetic variation using micro-satellite markers; and c) Make a collection of scion material from trees which the genetic analysis shows to be true crab apples and establish one or more clonal seed stands. The outputs will be management guidelines, with advice on planting, seed collection and genetic conservation. The project is due to be completed in 2019.

Improving the understanding and management of Phoenix Trees

Mature broadleaved trees in Scotland's windy climate blow over, but a proportion re-root and continue to grow. These become interesting, ecologically important and attractive trees; with considerable appeal to the public. This phenomenon is rarely fully appreciated by woodland managers and phoenix trees are at risk from firewood cutting, browsing and being swamped by bracken. The process may constitute an adaptive response that helps some types of native woodland persist in Scotland's windy climate and in the face of huge grazing pressure. The objectives of the work are firstly to describe the phenomenon and to evaluate its ecological importance, so as we understand it adequately. This will include carrying out a survey of phoenix trees, recording their distribution, species, sizes, ages, morphological characteristics, the ecology of sites and associated epiphytic species. The second is to raise awareness primarily among professionals (but also more widely), and to encourage better management practices. The outputs will be management guidelines advising on evaluation and protection of trees and a popular article drawing attention to the ecological importance of the phenomenon.

Carried out by Dr. Rick Worrell in association with the Falkland Stewardship Trust, this project is also due for completion in 2019.

Improving Biodiversity in Lowland Planted Woodlands

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.

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REPORT of the TRUSTEES (Contd.)

For the year ended 31 March 2019

Improving Biodiversity in Lowland Planted Woodlands (Contd.)

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 is due for completion in 2020.

Mapping impacts of *Phytophthora austrocedri* in juniper

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 aims 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 is due to be completed in 2021.

Predicting impacts of extreme weather events on UK Forests

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 will be completed during 2021.

The Scottish Forestry Trust

REPORT of the TRUSTEES (Contd.)

For the year ended 31 March 2019

New Projects

Digital Quarterly Journal of Forestry: Early Years – Royal Forestry Society

The RFS are seeking to create a free-to-access digital record that charts the history of Forestry in England during World War I and in the challenging period immediately following the war. The record would be created by commissioning professionals to scan and collate volumes of the RFS 'Quarterly Journal of Forestry' dating from 1914 to 1920. These volumes document the solutions that people within the forestry sector employed to solve many of the economic, environmental and sustainability problems that arose during this challenging time. The volumes will then be uploaded to the RFS website, where it would provide a searchable, free to access historic record that is not available elsewhere.

The multi-trophic consequences of ash dieback – a baseline survey of Wytham Woods – University of Oxford

European ash has become the latest victim to the fungal pathogen (*Hymenoscyphus fraxineus*) responsible for ash dieback. Ash is the third most abundant broadleaved tree species in British woodlands and the disease is therefore expected to have a major impact on woodland ecosystems. Ash dieback has recently been detected in Wytham Woods, Oxford's iconic ecological observatory where many of the foundations of modern ecology were laid. Thanks to years of research across many areas of ecology, Wytham is probably the only place in the world that is positioned to track the full ecological consequences of the disease. In this study we aim to gather baseline data in low and high ash areas of Wytham Woods before the impacts of the disease become prominent. These data will be used to apply for funds to track changes due to ash dieback which may be used to inform woodland management in the UK. The project is scheduled to be completed in 2020.

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 is 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 will be completed by late 2020.

The Scottish Forestry Trust

REPORT of the TRUSTEES (Contd.)

For the year ended 31 March 2019

Activities and Achievements (Contd.)

MySafety App: mobile technology applied to improve Forest Safety – Invigilatis Ltd

The key objective of the project is to replace ineffective, out-dated, paper-based processes by deploying low-cost, smart technology to operators in the forestry industry so that they can record incidents more easily, be assured of their personal safety and respond to a periodic questionnaires which will provide the industry with its first ever holistic assessment of its safety culture.

The project will drive a fundamental advance in the industry's safety culture, so improving safety practices and training which, in turn, will reduce the numbers of incidents and fatalities. The project is due for completion in 2021.

Support for attendance of FR early career scientists at IUFRO 2019 World Congress – Forest Research

The objectives of this project are to provide opportunities for early career FR staff to engage with the international research community at the IUFRO World Congress in 2019 to gain new knowledge, lay the foundation for new collaborations, and promote the work being undertaken in UK and to provide the UK forestry sector with insights from the premier global forestry research conference. Support has been offered to enable 4 researchers to attend the conference.

The project will be completed and fully reported on by early 2020.

Forest and Timber Industry Development Contribution Mechanism – The Fund – Confor Ltd

The requirement for a Fund has been identified to address current and emerging issues such as future declining availability of public funding for research, the restructuring of the Forestry Commission, and reliance on public sector funding which does not always lead to commercially quantifiable outcomes and a move by government to a 'Responsibility and Cost Sharing' model for the setting of priorities and funding of projects of joint interest. The Fund would bring together industry identified priorities and look for partners to joint fund projects to deliver against broader research and skills strategies. This project would be Stage Two of a process of developing the detail of a Fund that the Confor Board can agree to establish.

This phase of the project will be completed in mid 2019.

Future proofing British conifer forestry in response to *Phytophthora ramorum* – Forest Research

Phytophthora ramorum is the cause of major loss of Japanese larch throughout western Britain and there are now concerns that Sitka spruce may be at increased risk as the epidemic progresses. This PhD study aims to analyse the extent of the threat to Sitka spruce by exploring what factors might increase its vulnerability to *P. ramorum*, refine our understanding of the environmental factors that promote or prevent disease development on larch and spruce in relation to inoculum pressure and climate, and draw from this information an assessment of whether European larch could be a viable species choice in future.

The project will conclude in 2022.

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For the year ended 31 March 2019

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 be concluded in 2023.

Awards

In 2011, we introduced two new awards. The Scottish Woodlands Student Excellence Award, which is given in recognition of a high quality, relevant piece of work produced by a Trust supported student. The award is a cash sum of £400. Secondly, the Dr Cyril Hart Memorial Award is awarded to recognise the most relevant, informative and well written paper, book or work, which has significant impact on silvicultural practice. Both awards are available annually on the recommendation of the Projects and Research Committee.

Financial review

Financial information

During the year the Trust's income amounted to £108,971 (2017/18: £170,341). After deduction of expenses, and before realised and unrealised gains on investments, the net outgoing resources amounted to £78,429 (2017/18 incoming resources: £18,911). The market value of investments has increased over the year from £2,785,861 to £2,866,211.

Investment policy

The investments held by the Trust are invested to allow for adequate levels of income and capital growth.

Investments have increased in value largely as a result the performance of the stock market during the year.

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 August 2017. Trustees also formally consider the annual target income level, and maintained the target to £92,000 per annum; 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.

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REPORT of the TRUSTEES (Contd.)

For the year ended 31 March 2019

Risk Management (Contd.)

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.

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. Trustees normally serve for a period of ten years and we ensure that at no time do more than two Trustees retire in any one year so that we can maintain continuity of expertise. 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.

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.

Plans for the Future

Trustees are committed to secure 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 £143,128 and this sum will progressively be disbursed over the next five financial years. Careful management of the Trust's portfolio supplemented by additional fund raising activity will ensure that we are able to meet these commitments.

Recognising that pressures on research budgets are intense whilst the demand for research and education 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 and Tilhill Forestry in order to deliver our Bursary Award schemes.

Structure, Governance and Management of the Trust

The Scottish Forestry Trust is a charitable trust (Registered Charity No SC008465) and was established in 1983 by the generous gift of share capital of the Scottish Woodland Owners Association Ltd (SWOAC). In June 1986, the Trustees of the Scottish Forestry Trust received an offer from the management of SWOAC to purchase the shareholding and in December 1986, the Trust received a cash sum of £1.52 million, which has since been invested to produce an annual income.

The Scottish Forestry Trust

REPORT of the TRUSTEES (Contd.)

For the year ended 31 March 2019

Structure, Governance and Management of the Trust (Contd.)

The inclusion of the word 'Scottish' in the Trust's name reflects the source of the original funding from Scotland's Woodland Owners Association who were happy for the Trust's remit to cover the whole of the UK.

Trustees are appointed for a period of 10 years with an option to review at 5 years depending on individual circumstances. Continuity of expertise is important to the Trust and so appointments and hence retirements are staggered to ensure that experience and historical knowledge is retained for as long as possible. In replacing Trustees, care is taken to replicate skillsets in so far as is possible, in order to retain the breadth of knowledge necessary to deliver our funding support consistent with our Deeds.

On appointment, new Trustees are given an induction pack consisting of a copy of the Trust's Deeds, the last set of accounts; a historical document describing the Trust's achievements and aims; a project listing and copies of application forms and a copy of the latest guidance from OSCAR on their role as a Trustee within a charity. The new Trustee is then invited to the formal Trustees' meeting in December as an observer so that they get a flavour of the work of the Trust. Their appointment then commences formally in January of the following year. 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 Chairman 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.

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>.

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, 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.

The Scottish Forestry Trust

REPORT of the TRUSTEES (Contd.)

For the year ended 31 March 2019

Statement of Trustees' Responsibilities:

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

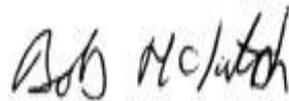
The law applicable to charities in Scotland requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these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

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

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

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

On behalf of the Trustees



Date: 15th August 2019

Dr R McIntosh

The Scottish Forestry Trust

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account)

For the year ended 31 March 2019

	Notes	Restricted Funds £	Unrestricted Funds £	2019 Total £	Restricted Funds	Unrestricted Funds	2018 Total £
Income and endowments from							
Donations and legacies:							
Donations		-	820	820	-	470	470
Income from investments	2	-	107,911	107,911	-	110,923	110,923
Income from charitable activities	2	-	-	-	58,232	-	58,232
Other income		-	240	240	-	716	716
Total income		-	108,971	108,971	58,232	112,109	170,341
Expenditure							
Expenditure on raising funds:							
Investment management costs		-	17,426	17,426	-	17,456	17,456
Promotion costs	3	-	2,890	2,890	-	2,706	2,706
Expenditure on charitable activities:							
Research	4	55,000	102,312	157,312	15,249	108,587	123,836
Education		-	9,772	9,772	-	7,432	7,432
Total expenditure		55,000	132,400	187,400	15,249	136,181	151,430
Net (expenditure)/income before gains/(losses) on investments		(55,000)	(23,429)	(78,429)	42,983	(24,072)	18,911
Net gains/(losses) on investment assets	9	-	137,819	137,819	-	(123,863)	(123,863)
Net income/(expenditure) and net movement in funds		(55,000)	114,390	59,390	42,983	(147,935)	(104,952)
Reconciliation of funds							
Total funds brought forward		125,135	2,787,669	2,912,804	82,152	2,935,604	3,017,756
Total funds carried forward		70,135	2,902,059	2,972,194	125,135	2,787,669	2,912,804

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 19 to 26 form part of these financial statements.

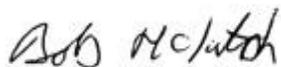
The Scottish Forestry Trust

BALANCE SHEET

As at 31 March 2019

	Notes	2019 £	2018 £
Fixed Assets			
Tangible assets	8	-	-
Investments	9	2,886,211	2,785,861
		<u>2,886,211</u>	<u>2,785,861</u>
Current Assets			
Bank	10	338,289	314,902
Debtors	11	10,643	41,142
		<u>348,932</u>	<u>356,044</u>
Creditors: amounts falling due within one year	12	(169,078)	(138,047)
		<u>179,854</u>	<u>217,997</u>
Net current assets			
		<u>179,854</u>	<u>217,997</u>
Total assets less current liabilities		3,066,065	3,003,858
Creditors: amounts falling due after more than one year	13	(93,871)	(91,054)
		<u>(93,871)</u>	<u>(91,054)</u>
Net assets		<u>2,972,194</u>	<u>2,912,804</u>
Represented by:			
Restricted funds	14	70,135	125,135
Unrestricted funds	14	2,902,059	2,787,669
		<u>2,972,194</u>	<u>2,912,804</u>

Approved by the Board of Trustees on 15th August 2019 and signed on its behalf by:



Chairman
Dr R McIntosh



Trustee
Mr A Black

The Scottish Forestry Trust

The notes on pages 19 to 26 form part of these financial statements

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

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) issued on 16 July 2014 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.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2019

1. Accounting Policies (contd.)

Realised gains and losses

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

Income recognition

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

Investment income

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

Donations and legacies

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

Grant income

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

Expenditure recognition

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

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

Grants

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

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

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2019

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 and charitable activities	2019	2018		
	£	£		
Investment income:				
UK listed investments	107,582	110,800		
Interest on cash deposits	329	123		
	<u>107,911</u>	<u>110,923</u>		
Included in income from charitable activities is the following grant income:				
Scottish Forestry Commission	-	20,000		
Forest Enterprise Scotland	-	12,000		
	<u>-</u>	<u>32,000</u>		
3. Cost of raising funds	Grant funding	Support costs	2019	2018
	£	£	£	£
Promotion	-	2,890	2,890	2,706
	<u>-</u>	<u>2,890</u>	<u>2,890</u>	<u>2,706</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2019

4. Charitable activities	Grant funding £	Support costs £	2019 £	2018 £
Education	4,700	5,072	9,772	7,432
Research	133,428	23,884	157,312	123,836
	<u>138,128</u>	<u>28,956</u>	<u>167,084</u>	<u>131,268</u>
	<u><u>138,128</u></u>	<u><u>28,956</u></u>	<u><u>167,084</u></u>	<u><u>131,268</u></u>
5. Grant funding - project grants	Restricted Funds £	Unrestricted Funds £	2019 Total £	2018 Total £
Education				
Scoping studies	-	-	-	2,000
Support for attendance of FR early career scientists at IUFRO 2019 World Congress	-	4,700	4,700	-
Research				
Putting UK woodland bats on the map	-	-	-	10,000
Future foresters Sectors Skills and Training research project	-	-	-	2,500
Assessing value of secondary woodlands for biodiversity	-	-	-	7,155
Using satellite imagery to improve <i>Hylobius</i> risk prediction	-	(5,000)	(5,000)	9,463
Studying a mycovirus from <i>Dothistroma septosporum</i>	-	-	-	32,000
Predicting impacts of extreme weather events on UK forests	-	-	-	21,283
Monitoring and managing genetic diversity in Sitka spruce	-	-	-	28,182
Less: adjustment for prior year grants accrued for but no longer to be paid	-	-	-	(9,164)
Digital Quarterly Journal of Forestry - Early Years	-	1,100	1,100	-
Multi Trophic consequences of ash dieback	-	20,000	20,000	-
Future proofing British conifer forestry in response to <i>Phytophthora ramorum</i>	39,000	500	39,500	-
Alternative techniques for managing <i>Hylobius abietis</i>	-	5,000	5,000	-
Forestry Memories website upgrade and reformat	-	1,328	1,328	-
MySafety App: mobile technology applied to improve Forest Safety	-	30,500	30,500	-
Confor Industry Contribution Mechanism	-	4,000	4,000	-
Improved pre-treatments and fractionation of soft and hardwoods to access feedstock	12,000	21,000	33,000	-
Assessing the risk of chemical runoff following the use of Gazelle SG as a pre-treatment	4,000	-	4,000	-
	<u>55,000</u>	<u>83,128</u>	<u>138,128</u>	<u>104,086</u>
	<u><u>55,000</u></u>	<u><u>83,128</u></u>	<u><u>138,128</u></u>	<u><u>104,086</u></u>

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

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2019

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 £	2019 Total £	2018 Total £
Employment costs	2,073	3,110	15,548	20,731	20,473
Office costs	616	924	4,617	6,157	4,652
Trustees' expenses & meeting costs	160	240	1,199	1,599	1,071
Payroll	33	50	252	335	806
Bank charges	8	13	63	84	66
Governance costs					
Audit fee	-	735	2,205	2,940	2,820
	<u>2,890</u>	<u>5,072</u>	<u>23,884</u>	<u>31,846</u>	<u>29,888</u>

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

7. Staff costs

	2019 £	2018 £
Director's salary	20,731	20,473

The average number of employees during the year was:

	No.	No.
Administration	1	1

During the year, the trustees received no remuneration, trustees received reimbursed expenses totalling £1,479 (2018: £905). These expenses were incurred in respect of travel and subsistence while attending Trustees' meetings.

No employee received emoluments over £60,000.

Total remuneration paid to key management personnel in the year was £20,731 (2018: £20,473).

8. Fixed Assets

	Office Equipment £
Cost	
At 1 April 2018 and 31 March 2019	1,198
Depreciation	
At 1 April 2018 and 31 March 2019	1,198
Net Book Value	
At 31 March 2018 and 31 March 2019	-

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2019

9. Investments	2019	2018
	£	£
Market value at 1 April	2,785,861	2,887,134
Additions at cost	381,266	472,177
Disposal proceeds	(418,735)	(449,587)
Net gains/(losses) on investments	137,819	(123,863)
	<u>2,886,211</u>	<u>2,785,861</u>
Market value at 31 March	2,886,211	2,785,861
	<u>2,216,761</u>	<u>2,218,876</u>
Historical cost at 31 March	2,216,761	2,218,876
	<u>173,365</u>	<u>150,943</u>
Investments at 31 March 2019 representing over 5% of portfolio value: JP Morgan US Equity Income K – Net Income		

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. Bank	2019	2018
	£	£
Operating accounts	292,469	303,674
Capital accounts with investment manager	45,820	11,228
	<u>338,289</u>	<u>314,902</u>
11. Debtors	2019	2018
	£	£
Accrued income	<u>10,643</u>	<u>41,142</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2019

12. Creditors due within one year	2019	2018
	£	£
Other creditors	161,311	130,616
Accruals	7,767	7,431
	<u>169,078</u>	<u>138,047</u>

13. Creditors due after more than one year	2019	2018
	£	£
Other creditors	<u>93,871</u>	<u>91,054</u>

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

	2019	2018
	£	£
Due within one year	160,801	130,176
Due between one and two years	61,586	50,933
Due between two and five years	32,285	40,121
	<u>254,672</u>	<u>221,230</u>

14. Movement in Funds

	Balances at 1 Apr 2018	Incoming Resources	Outgoing Resources	Investment gains	Balances at 31 Mar 2019
	£	£	£	£	£
Restricted funds					
Bursary Award Scheme	72,903	-	(51,000)	-	21,903
Tilhill/QBE Fund	52,232	-	(4,000)	-	48,232
Unrestricted funds					
Revenue fund	(39,689)	108,971	(132,400)	-	(63,118)
Capital fund	2,827,358	-	-	137,819	2,965,177
	<u>2,912,804</u>	<u>108,971</u>	<u>(187,400)</u>	<u>137,819</u>	<u>2,972,194</u>

Restricted funds include a grant received from the Forestry Commission to be used to assist with funding The Bursary Award Scheme, and donations from Tilhill/QBE for assisting projects that research reducing risks in forestry establishment and management.

The deficit on the Revenue Fund will be met out of unrestricted incoming resources receivable in the year to 31 March 2020.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2019

14. Movement in Funds (contd.)

2018	Balances at 1 Apr 2017	Incoming Resources	Outgoing Resources	Investment losses	Balances at 31 Mar 2018
	£	£	£	£	£
Restricted funds					
Bursary Award Scheme	56,152	32,000	(15,249)	-	72,903
Tilhill/QBE Fund	26,000	26,232	-	-	52,232
Unrestricted funds					
Revenue fund	(15,617)	112,109	(136,181)	-	(39,689)
Capital fund	2,951,221	-	-	(123,863)	2,827,358
	<u>3,017,756</u>	<u>170,341</u>	<u>(151,430)</u>	<u>(123,863)</u>	<u>2,912,804</u>

15. Analysis of Net Assets between funds

	Restricted Funds	Revenue Fund	Capital Fund	Total
	£	£	£	£
Investments	-	-	2,886,211	2,886,211
Current assets	168,291	101,675	78,966	348,932
Current liabilities	(52,461)	(116,617)	-	(169,078)
Liabilities due after more than one year	(45,695)	(48,176)	-	(93,871)
Total net assets	<u>70,135</u>	<u>(63,118)</u>	<u>2,965,177</u>	<u>2,967,438</u>
2018				
	£	£	£	£
Investments	-	-	2,785,861	2,785,861
Current assets	200,814	113,733	41,497	356,044
Current liabilities	(37,961)	(100,086)	-	(138,047)
Liabilities due after more than one year	(37,718)	(53,336)	-	(91,054)
Total net assets	<u>125,135</u>	<u>(39,689)</u>	<u>2,827,358</u>	<u>2,912,804</u>

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 £2,840 (2018: £2,684) and administrative support costs of £1,212 (2018: £1,212).

Grants totalling £44,200 (2018: £47,645) were approved in the year for projects led by Forest Research, of which Helen McKay (a Trustee) is an employee.

The Scottish Forestry Trust

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 2019, 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 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

The Scottish Forestry Trust

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF

THE SCOTTISH FORESTRY TRUST (continued)



Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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

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16 AUGUST 2019