



Report and Financial Statements

Year ended 31st March 2017

Charity No. SC008465

www.scottishforestrytrust.org.uk

The Scottish Forestry Trust

For the year ended 31 March 2017

Chairman's Foreword

The Trust continued to make steady progress during the year to 31 March 2017. We made payments of £68,556 to twelve existing projects. We also committed £79,000 on charitable activities in support of 6 projects of which £12,500 was paid in the year reported. Our current project portfolio stood at twenty-two projects with a total cost of £1.02 million and a Trust approval of £360,556, giving a leverage of £2.83 for every project £1 we spend.

In accordance with accounting practices the Trust is required 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 2017 was valued at £2,887,134, an increase of £339,363 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. Whilst the capital value for the year increased - in the face of turbulent markets, I am pleased that we have managed to maintain our income target for the year despite these challenges.

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 well with twelve 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 2021. We could not have carried out this work without the support of the Forestry Commission and Forestry Commission Scotland to whom I must express my sincere thanks.

During the year, we also partnered with Tilhill Forestry clients and QBE Business Insurance and, thanks to their generous assistance, we have been able to launch another funding mechanism to support applied research into reducing risks in UK forests and woodlands. Our thanks go to Tilhill Forestry for enabling this important new 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 an E-newsletter. The 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 watched 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 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. 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.

The Scottish Forestry Trust

For the year ended 31 March 2017

Chairman's Foreword (contd.)

Finally, I would like to thank outgoing Trustees Prof Chris Quine and Colin Mann for their tremendous contributions to the work of the Trust over the last ten years and also offer my sincere thanks 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 that reads "Bob McIntosh". The signature is written in a cursive, slightly slanted style.

Dr R McIntosh

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2017

Reference and administrative information

Trustees

Dr R McIntosh, Chair
Prof C P Quine, Chair of the Projects and Research Committee (to 31/12/2016)
Dr M A Pinard, Member of the Projects and Research Committee (Chair from 1/1/2017)
Prof J Grace, Member of the Projects and Research Committee
Dr K Kirby, Member of the Projects and Research Committee
Prof Simon Leather, Member of the Projects and Research Committee
Helen McKay, Member of the Projects and Research Committee (from 1/1/2017)
C Mann (to 31/12/2016)
A Black
G Callander
P Gordon-Duff
J M Gibson
Ralland Browne (from 1/1/2017)

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 Estate of the late Hamish Gordon

The Trust received donations and legacies of £9,871 during the course of the year.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2017 (Contd.)

The Trustees present their report and the audited financial statements of The Scottish Forestry Trust for the year ended 31 March 2017. 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.

We 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 will be an increasing focus in years to come. 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 Tihill 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.

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

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2017 (Contd.)

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 £68,856 on staged payments to projects where commitments had already been made. We approved future commitments of £79,000 to a number of new projects with payments to them continuing to 2021 for some projects.

Trustees are pleased with the progress achieved during the year as the following project updates clearly demonstrate.

Information on all approved projects can be found at <http://www.scottishforestrytrust.org.uk/projects-in-progress.asp>

Completed Projects

How environment and gene flow shape adaptation in Scots pine – (Stirling University, University of Edinburgh, Centre for Ecology and Hydrology (CEH) Edinburgh, Forest Research) - Recent trials at CEH show local adaptation in bud burst and cold tolerance in native Scots pine populations along an environmental gradient from East to West Scotland. However, the vast majority of observed variation lies within populations. This Bursary Award Scheme funded PhD project aims to determine how large and fine-scale forces interact to maintain high-within population diversity and what the implications of geneflow from plantations are for native pinewoods. The project will use existing data and simulations to assess historical migration scenarios and the development of patterns of neutral and adaptive genetic structure. These data will be complemented by fine-scale analysis of genetic structure in selected native pinewoods.

Emergent forest dynamics and natural flood management – (British Geological Survey)

The main aim of the project is to improve the understanding of forests being planted/or conserved in view of mitigating floods, by understanding the development of optimum characteristics of water flow and storage under three sites: heathland/pastureland, mature Scots pine plantation and ancient Caledonian forest. The project will compare the flood mitigation potential of forest plantation, ancient forest and heathland by measuring in-situ permeability measurements at different soil depths and investigate the presence of springs within the three sites.

Fraxi Queen of the Forest – Asylon Theatre Group

This new theatre production is inspired by Ash die-back and mythology of ash trees and is aimed at young audiences principally primary school age.

The story is about change. Change that is the only constant in life. The audience discover the cycles of nature through the story of Fraxi the ash tree and the people connected to her over several generations of one family. Through the story, they learn that nothing ever really dies in nature and that everything is always changing. It is a touching story of love, friendship, and resilience.

The project's aim is to inspire children to care for and learn more about trees as well as raise awareness about importance of protection of local habitats as a way for sustainability of our natural environments.

Support from the Trust is targeted at post production workshops and accessibility costs. At present, the production is expected to tour primary schools in Edinburgh, Fife, Aberdeenshire, East Renfrewshire and the Outer Hebrides.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2017 (Contd.)

Ongoing Projects

Can ecological restoration help to build sustainable communities? – (Cardiff University) – This Bursary Award scheme funded PhD will study the implementation of integrated socio-ecological restoration initiatives at community level to deepen understanding of how ecosystem-human relations can contribute to community engagement processes and the building of sustainable communities. It will focus on a particular type of ecological initiative - ecological restoration (ER) - to study the ways in which ER projects have been implemented at community level in Britain. Although playing an increasingly important role in public policy responses to environmental change (including maintenance of ecosystem services and promotion of ecological resilience), ER has not been subject to in-depth social science analysis. The project is due to be completed in 2017/18.

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. The project is due to be completed in 2017/18.

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. The project is due to be completed in 2017/18.

Mapping and Repositioning Forestry Skills for the 21st Century – (University of the Highlands and Islands and The University of Aberdeen)

This project aims to address key issues related to educating and training future generations of forest professionals to address 21st Century needs in the UK, drawing on interdisciplinary (Sociology/ Social Sciences and Education) perspectives and methodological approaches. Based on a phased approach involving two PhD students, the first PhD will seek to explore the ways in which conceptual and theoretical frameworks such as multi-functionality and / or ecosystem services might be combined with a 'Systems' approach to enhance understanding of the educational and skills requirements of forestry in the 21st Century. Drawing on the findings of the first phase, the second PhD will seek to develop an understanding of the future aspirations and the key factors influencing career choices among young people in relation to forestry. The first phase PhD completes in 2017/18 with the second phase PhD completing in 2019/20.

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 project is due to be completed in 2017/18.

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Report of the Trustees for the year ended 31 March 2017 (Contd.)

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, Tilhill Forestry, Forest Research, Clackmannanshire Council, JBA Consulting and SEPA. The project is due to be completed in 2019.

Silvicultural Diversity and birds in Scots pine forests – British Trust for Ornithology (BTO)

The trust supported a collaborative study by the BTO, with Forest Research and Forestry Commission Scotland; to discover the effects for bird populations of changes in forest management, from clear-fell rotation to more naturalistic continuous cover forestry. Most of Britain's forest cover is plantations and their management significantly influences populations of woodland birds at national level. Selected sites will be monitored using timed point counts in stands of different structure representing different management systems. Generalised linear mixed models will be used to analyse data and identify the nature of associations of bird species presence and abundance with forest structure. Field methods will be compatible with a previous clear-fell Sitka spruce study to permit joint analyses. The study will produce guidance on relative gains and losses associated with different systems, to inform Scottish and UK forestry practice, increase biodiversity benefits and possibly lead to a European study to maximise biodiversity within commercially managed forests.

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 2018.

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.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2017 (Contd.)

New Projects

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.

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 2018.

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 2018.

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 2018.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2017 (Contd.)

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.

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.

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 £250. 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

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2017 (Contd.)

Financial review

Financial information

During the year, the Trust's income amounted to £150,156 (2015/16: £152,003). After deduction of expenses, and before realised and unrealised gains on investments, the net incoming resources amounted to £22,679 (2015/16 outgoing resources: £50,218). The market value of investments has increased over the year from £2,547,771 to £2,887,134.

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 is next due for updating in August 2017. Trustees also formally consider the annual target income level; the performance benchmarks used and the level of risk that Trustees are prepared to accept in terms of our managed investment portfolio. Trustees regularly take professional advice from their investment advisers regarding the market outlook, investment trends and yield and the prospects for future capital growth. Brewin Dolphin Ltd manages the Trust's investment portfolio.

Reputational – It is important to the Trust that high quality standards are upheld in both the applications and progress reports we receive so that our reputation as an organisation that supports authoritative research is maintained. To that end, we provide full application details and guidance notes on our website and give applicants clear guidance as to what to do following approval and particularly if there are problems with delivery of the project. As a result, the failure rate of approved projects is minimised.

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.

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.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2017 (Contd.)

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 £79,000 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. We will also continue to seek strategic alliances with other organisations, in much the same way as we have with the Forestry Commission 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 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 OSCR on their role as a Trustee within a charity. The new Trustee is then invited to the formal Trustees' meeting in December as an observer so that they get a flavour of the work of the Trust. Their appointment then commences formally in January of the following year. All Trustees are given the opportunity to attend charity briefing events held by our fund managers and auditors.

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

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

Trustees give freely of their time. In the case of the 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>.

The Scottish Forestry Trust

Report of the Trustees for the year ended 31 March 2017 (Contd.)

Key Management Personnel Remuneration

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

The Trust's Director is the sole part-time employee and full disclosure of salary is given in note 7 to the financial statements. Pay levels are considered at Trustees meetings on an annual basis and decisions are made on the appropriate level of pay for the coming year. Our auditors, Chiene+Tait, 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 staff if they choose to do so.

Statement of Trustees' Responsibilities:

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

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

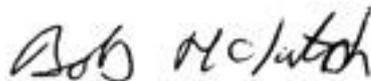
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any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

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

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

On behalf of the Trustees

Date: 1/9/2017



Dr R McIntosh

The Scottish Forestry Trust

STATEMENT OF FINANCIAL ACTIVITIES (Incorporating the Income and Expenditure Account) For the year ended 31 March 2017

	Notes	Restricted Funds £	Unrestricted Funds £	2017 Total £	Restricted Funds	Unrestricted Funds	2016 Total £
Income and endowments from							
Donations and legacies:							
Donations		250	420	670	-	1,370	1,370
Legacies		-	9,201	9,201	-	-	-
Income from investments	2	-	114,285	114,285	-	110,663	110,663
Incoming resources from charitable activities		26,000	-	26,000	40,000	-	40,000
Total income		<u>26,250</u>	<u>123,906</u>	<u>150,156</u>	<u>40,000</u>	<u>112,033</u>	<u>152,033</u>
Expenditure							
Expenditure on raising funds:							
Investment management costs		-	16,792	16,792	-	15,288	15,288
Promotion costs	3	-	2,876	2,876	-	2,744	2,744
Expenditure on charitable activities:							
Research	4	25,935	61,869	87,804	68,019	101,827	169,846
Education		-	20,005	20,005	-	14,373	14,373
Total expenditure		<u>25,935</u>	<u>101,542</u>	<u>127,477</u>	<u>68,019</u>	<u>134,232</u>	<u>202,251</u>
Net income/(expenditure) before gains/(losses) on investments		315	22,364	22,679	(28,019)	(22,199)	(50,218)
Net gains/(losses) on investment assets	9	-	338,122	338,122	-	(172,938)	(172,938)
Net income/(expenditure) and Net movement in funds		315	360,486	360,801	(28,019)	(195,137)	(223,156)
Reconciliation of funds							
Total funds brought forward		81,837	2,575,118	2,656,955	109,856	2,770,255	2,880,111
Total funds carried forward		<u>82,152</u>	<u>2,935,604</u>	<u>3,017,756</u>	<u>81,837</u>	<u>2,575,118</u>	<u>2,656,955</u>

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The notes on pages 16 to 24 form part of these financial statements.

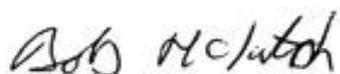
The Scottish Forestry Trust

BALANCE SHEET

As at 31 March 2017

	Notes	2017 £	2016 £
Fixed Assets			
Tangible assets	8	-	-
Investments	9	2,887,134	2,547,771
		<u>2,887,134</u>	<u>2,547,771</u>
Current Assets			
Bank	10	331,127	312,268
Debtors	11	12,665	11,227
		<u>343,792</u>	<u>323,495</u>
Creditors: amounts falling due within one year	12	<u>(100,683)</u>	<u>(107,259)</u>
Net current assets		<u>243,109</u>	<u>216,236</u>
Total assets less current liabilities		3,130,243	2,764,007
Creditors: amounts falling due after more than one year	13	<u>(112,487)</u>	<u>(107,052)</u>
Net assets		<u><u>3,017,756</u></u>	<u><u>2,656,955</u></u>
Represented by:			
Restricted funds	14	82,152	81,837
Unrestricted funds	14	2,935,604	2,575,118
		<u><u>3,017,756</u></u>	<u><u>2,656,955</u></u>

Approved by the Board of Trustees on 10th August 2017 and signed on its behalf by:



Chairman

Dr R McIntosh



Trustee

Mr A Black

The notes on pages 16 to 24 form part of these financial statements

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. No restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income.

Reconciliation of reported net expenditure	£
Net expenditure as previously stated	(50,218)
Adjustment for losses on investments now treated as a component of net expenditure	(172,938)
2016 net expenditure as restated	<u>(223,156)</u>

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.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

1. Accounting Policies (continued)

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.

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.

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

1. Accounting Policies (continued)

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.

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. Investment income

	2017	2016
	£	£
UK listed investments	113,538	110,369
Interest on cash deposits	191	294
Royalty payments	556	-
	<u>114,285</u>	<u>110,663</u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

3. Cost of raising funds	Grant funding £	Support costs £	2017 £	2016 £
Promotion	-	2,876	2,876	2,744
	<u>-</u>	<u>2,876</u>	<u>2,876</u>	<u>2,744</u>

4. Charitable activities	Grant funding £	Support costs £	2017 £	2016 £
Education	14,946	5,059	20,005	14,372
Research	64,000	23,804	87,804	169,846
	<u>78,946</u>	<u>28,863</u>	<u>107,809</u>	<u>184,218</u>

The Scottish Forestry Trust

5. Grant funding - project grants	Restricted Funds £	Unrestricted Funds £	2017 Total £	2016 Total £
Education				
Aslyon Theatre Group – Fraxi Queen of the Forest	-	-	-	4,950
Confor event – Forest Research discussion	-	-	-	2,380
RSFS Society Journal Digitisation	-	-	-	1,125
Scottish Woodlands – Excellence Award	-	-	-	250
Development and publication of technical tree work guides	-	15,000	15,000	-
Research				
Multi-taxa functional diversity in UK plantation forests	-	-	-	42,535
Ownership effects on benefits from woodland expansion	-	-	-	24,897
Who will pay for urban forest climate regulation services?	-	-	-	11,986
Silvicultural diversity and birds in Scots pine forests	-	-	-	3,830
Woodland planting and natural flood management	-	-	-	15,250
Epidemiology of <i>Phytophthora ramorum</i> on <i>Larix</i> spp and host responses to infection	-	-	-	60,000
Social History of Forestry	-	-	-	1,000
Shaping the future of forestry	-	10,000	10,000	-
The ecology and genetics of native Scottish crab apple	-	3,500	3,500	-
Improving the understanding and management of “Phoenix Trees”	-	2,500	2,500	-
Mapping impacts of <i>Phytophthora austrocedri</i> on juniper	25,935	19,565	45,500	-
Improving biodiversity in Lowland planted woodland	-	2,500	2,500	-
Less: adjustment for prior year grants accrued for but no longer to be paid	-	-	-	(12,190)
Travel grants				
Various travel grants	-	246	246	900
Less: reversal of expired cheque for travel grant in prior year	-	(300)	(300)	-
	25,935	53,011	78,946	156,913
	25,935	53,011	78,946	156,913

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 2017

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 £	2017 Total £	2016 Total £
Employment costs	1,993	2,990	14,950	19,933	19,760
Office costs	492	739	3,693	4,924	4,923
Trustees' expenses & meeting costs	176	263	1,319	1,758	1,973
Payroll	206	310	1,548	2,064	640
Bank charges	9	13	62	84	110
Travel	-	-	-	-	47
Governance costs					
Audit fee	-	744	2,232	2,976	2,598
	<u>2,876</u>	<u>5,059</u>	<u>23,804</u>	<u>31,739</u>	<u>30,051</u>

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

7. Staff costs

	2017 £	2016 £
Director's salary	<u>19,933</u>	<u>19,760</u>
	No.	No.
The average number of employees during the year was:		
Administration	<u>1</u>	<u>1</u>

During the year, the trustees received no remuneration, trustees received reimbursed expenses totalled £1,758 (2016: £1,973). 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 £19,933 (2016: £19,760).

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

8. Fixed Assets

	Office Equipment £
Cost	
At 1 April 2016 and 31 March 2017	1,198
	<hr/>
Depreciation	
At 1 April 2016 and 31 March 2017	1,198
	<hr/>
Net Book Value	
At 31 March 2017 and 31 March 2016	-
	<hr/> <hr/>

9. Investments

	2017 £	2016 £
Market value at 1 April	2,547,771	2,727,758
Additions at cost	296,283	174,123
Disposal proceeds	(295,042)	(180,534)
Equalisation	-	(638)
Net gains/(losses) on investments	338,122	(172,938)
	<hr/>	<hr/>
Market value at 31 March	2,887,134	2,547,771
	<hr/> <hr/>	<hr/> <hr/>
Historical cost at 31 March	2,166,934	2,112,448
	<hr/> <hr/>	<hr/> <hr/>

Investments at 31 March 2017 representing over 5% of portfolio value:

	2017 £	2016 £
JP Morgan America Equity Fund C – Net Accumulation	159,663	-
BNY Mellon Fund Manager Newton Global Income	-	137,718

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

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

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

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

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

10. Bank	2017	2016
	£	£
Operating accounts	305,171	292,078
Capital accounts with investment manager	25,956	20,190
	<u>331,127</u>	<u>312,268</u>
	<u><u>331,127</u></u>	<u><u>312,268</u></u>
11. Debtors	2017	2016
	£	£
Accrued income	12,665	11,227
	<u>12,665</u>	<u>11,227</u>
	<u><u>12,665</u></u>	<u><u>11,227</u></u>
12. Creditors due within one year	2017	2016
	£	£
Other creditors	92,647	100,118
Accruals	8,036	7,139
	<u>100,683</u>	<u>107,257</u>
	<u><u>100,683</u></u>	<u><u>107,257</u></u>
13. Creditors due after more than one year	2017	2016
	£	£
Other creditors	112,487	107,052
	<u>112,487</u>	<u>107,052</u>
	<u><u>112,487</u></u>	<u><u>107,052</u></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:

	2017	2016
	£	£
Due within one year	91,857	99,671
Due between one and two years	73,081	55,837
Due between two and five years	39,731	51,215
	<u>204,669</u>	<u>206,723</u>
	<u><u>204,669</u></u>	<u><u>206,723</u></u>

The Scottish Forestry Trust

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

14. Movement in Funds

	Balances at 1 Apr 2016 £	Incoming Resources £	Outgoing Resources £	Investment gains £	Balances at 31 Mar 2017 £
Restricted funds					
Bursary Award Scheme	81,837	250	(25,935)	-	56,152
Tilhill/QBE Fund	-	26,000	-	-	26,000
Unrestricted funds					
Revenue fund	(37,981)	123,906	(101,542)	-	(15,617)
Capital fund	2,613,099	-	-	338,122	2,951,221
	<u>2,656,955</u>	<u>150,156</u>	<u>(127,477)</u>	<u>338,122</u>	<u>3,017,756</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 2018.

15. Analysis of Net Assets between funds

	Restricted Funds £	Revenue Fund £	Capital Fund £	Total £
Investments	-	-	2,887,134	2,887,134
Current assets	176,793	102,912	64,087	343,792
Current liabilities	(43,645)	(57,038)	-	(100,683)
Liabilities due after more than one year	(50,996)	(61,491)	-	(112,487)
Total net assets	<u>82,152</u>	<u>(15,617)</u>	<u>2,951,221</u>	<u>3,017,756</u>

16. Related party transactions

The Trust rents office accommodation and receives administrative support from the Confederation of Forest Industries (ConFor) in accordance with an agreement dated 7 October 2008 and 1 July 2010. Mr Colin Mann (and now Ralland Browne) is a member of the Board of Directors of ConFor. The Trust paid office rent of £3,120 (2016: £2,964) and administrative support costs of £1,212 (2016: £1,447).

A grant of £5,988 which had been approved in prior years was paid to Susceptibility of Scots and Lodgepole pine Provenances to Red Band Needle Blight caused by *Dothistroma Septosporum*. Prof M A Pinard, a Senior Lecturer and Director of Teaching in the School of Biological Sciences at the University of Aberdeen, is a Trustee.

The Scottish Forestry Trust

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



We have audited the financial statements of The Scottish Forestry Trust for the year ended 31 March 2017, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Trust's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the 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 Trust and the Trust's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 13, the trustees are responsible for the preparation of financial statements, which give a true and fair view.

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 responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017 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).

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.

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

15/19/2017

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