

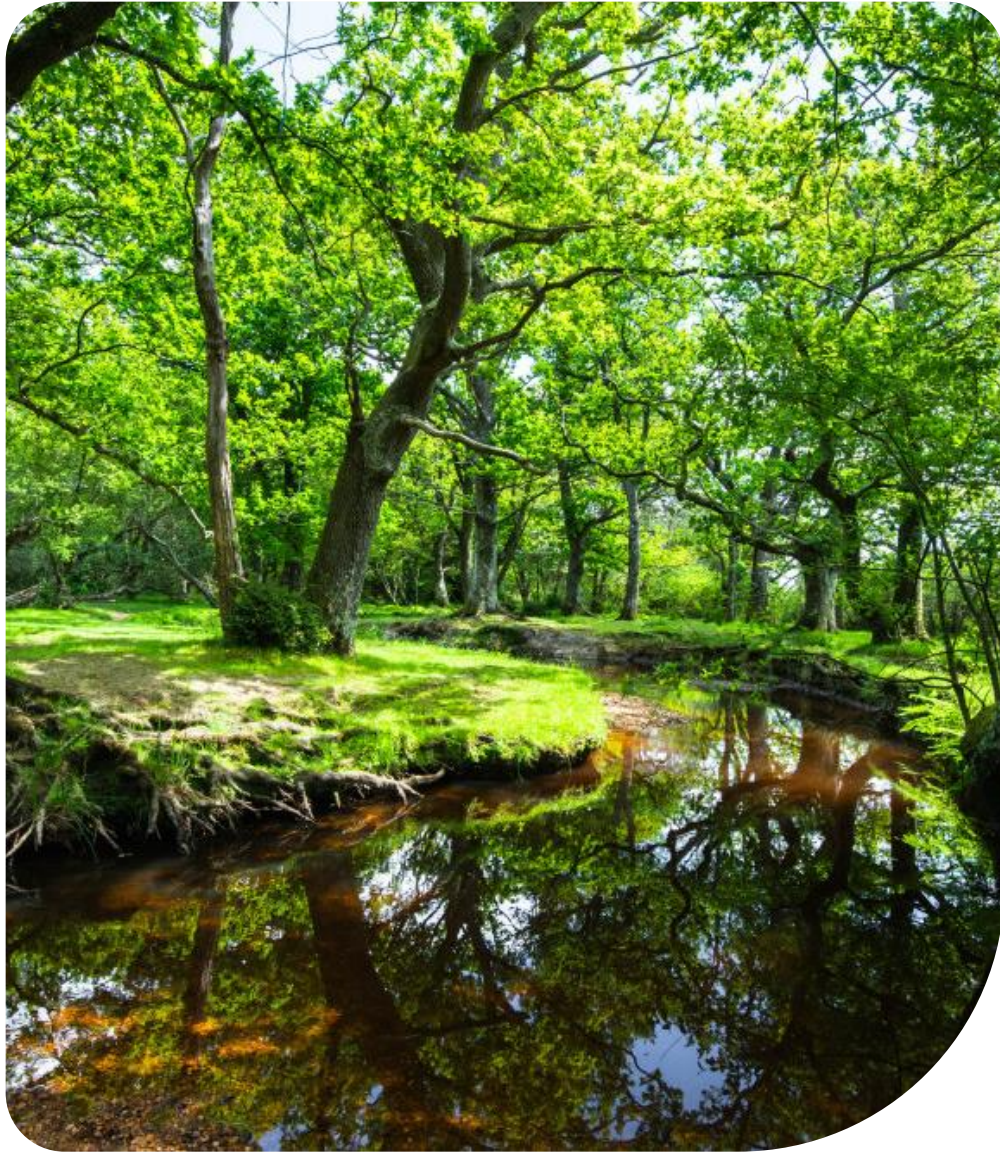


# Scottish Forestry External Audit Plan

Financial year ending 31 March 2026

Prepared for those Charged with Governance and the  
Auditor General for Scotland

24 March 2026



# Contents

Section	Page
1. Introduction and Headlines	03
2. Identified risks	06
3. Other matters	10
4. Our approach to materiality	13
5. IT audit strategy	16
6. Wider scope and best value arrangements	18
7. Logistics	21
8. Fees and related matters	24
9. Independence considerations	26
10. Communication of audit matters with those charged with governance	28
11. Appendices	30

# 01 Introduction and Headlines

# Introduction and headlines (1)

The audit plan sets out our risk-based audit approach for Scottish Forestry. This plan outlines our initial risk assessment and is reported to those charged with governance (Audit and Assurance Committee) and will be shared with Audit Scotland.

## Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of the Scottish Forestry for those charged with governance.

## Respective responsibilities

- The Code of Audit Practice (the Code) summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities, and that of the Scottish Forestry are summarised in the Appendix of this Audit Plan. We draw your attention to this and the Code.

## Scope of our Audit

- The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Scottish Forestry's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Assurance Committee). The audit of the financial statements does not relieve management or the Audit and Assurance Committee of your responsibilities.
- It is your responsibility to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. As part of our wider scope work, we will consider how you are fulfilling these responsibilities.
- Our audit approach is based on a thorough understanding of Scottish Forestry and is risk based.

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control (ISA (UK) 240)

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Annual Audit (ISA 260) Report.

## Wider Scope and Best Value Audit

In accordance with the Code, our planning considers the Wider Scope and Best Value areas of audit. No significant risks were identified in relation to financial sustainability, financial management, vision, leadership and governance or use of resources to improve outcomes.

We will continue to review your arrangements in this area and report findings and conclusions as part of our Annual Audit Report.

# Introduction and headlines (2)

## Materiality

We have calculated our planning materiality to be £1.643 million (PY: £2.200 million) for the organisation, which equates to 2.5% of your prior year gross expenditure as per the audited 2024/25 financial statements.

Performance materiality has been determined as £1.232 million (PY: £1.430 million) and is based on 75% of planning materiality.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been calculated at 5% of materiality being £0.082 million (PY: £0.110 million).

A lower materiality threshold of £25,000 will be used for the auditable elements of the Remuneration and Staff Report.

We will revisit our materiality throughout our audit including updating to reflect the draft unaudited financial statements for 2025/26.

## Audit logistics

Our final visit will take place in May and June, with concluding and reporting taking place during July. Our key deliverables are this Audit Plan and the Auditor's Annual Report.

Audit fees were shared by Audit Scotland with Scottish Forestry in a letter dated 15 January 2026 and approved by the Audit and Assurance Committee on 24 March 2026. Audit fees are paid to Audit Scotland, who in turn pay us. We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise. Further details with regards to audit fees are included within section 8 of our plan.

At the planning stage, we can confirm that there are no planned non-audit services.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

# 02 Identified risks

# Significant risks identified (1)

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

# Significant risks identified (2)

Significant Risk	Description	Key aspects of our proposed response to the risk
Fraud in Revenue Recognition	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p><b>(rebutted)</b></p>	<p>Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at Scottish Forestry, we have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited;</li> <li>• in 2024/25, operating and other income totalled £0.896 million which is highly immaterial; and</li> <li>• income received directly from the Scottish Government is deemed to be low risk, given its predictable nature and the controls surrounding the funding process.</li> </ul> <p><b>Therefore, we do not consider this to be a significant risk for Scottish Forestry.</b></p>
Fraud in expenditure recognition	<p>Due to the presumption that there are risks of fraud in expenditure recognition, we are required to evaluate which types of expenditure, expenditure transactions or assertions give rise to such risks. Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states:</p> <p>"As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition".</p> <p><b>(rebutted)</b></p>	<p>Having considered the risk factors set out in ISA 240 and the nature of the expenditure streams at Scottish Forestry, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate expenditure recognition;</li> <li>• opportunities to manipulate expenditure recognition are very limited;</li> <li>• regular dialogue with the Scottish Government to monitor financial performance provides limited opportunity to manipulate the financial position.</li> </ul> <p>A large proportion of expenditure relates to resources consumed in the direction and control of day-to-day operations such as staff and wages, employee-related expenditure, premises, transport and supplies and services. These expenditure streams and processes are largely automated. Controls have also been designed and implemented to mitigate any fraud within these expenditure streams and therefore, the risk of fraud in expenditure recognition is deemed low.</p> <p><b>Therefore, we do not consider this to be a significant risk for Scottish Forestry.</b></p>

# Significant risks identified (3)

Significant risk	Description	Key aspects of our proposed response to the risk
<b>Management override of controls</b>	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>Our risk focuses on the areas of the financial statements where there is potential for management to use their judgement to influence the financial statements alongside the potential to override the entity's internal controls, related to individual transactions.</p> <p>We have therefore identified management override of controls, in particular journals, management estimates and of transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Document our understanding of and evaluate the design effectiveness of management's key controls over journals;</li> <li>• Analyse your full journal listing for the year and use this to determine our criteria for selecting high risk journals;</li> <li>• Test the high-risk journals we have identified;</li> <li>• Gain an understanding of the critical judgements applied by management in the preparation of the financial statements and consider their reasonableness;</li> <li>• Gain an understanding of the key accounting estimates made by management and carry out substantive testing on in scope estimates;</li> <li>• Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>

# 03 Other matters

# Other matters (1)

## Other work

In addition to our expected responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We audit parts of your Remuneration and Staff Report in your Annual Report and check whether these sections of your Annual Report have been properly prepared (opinion). These procedures are performed to a lower materiality.
- We read the sections of your Annual Report which are not subject to audit and check that they are consistent with the financial statements on which we give an opinion (opinion).
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set out in the FReM 2025/26 (opinion).
- We carry out work in order to express an opinion on whether in all material respects, expenditure was incurred and income applied in accordance with applicable enactments and guidance issued by the Scottish Ministers (opinion).

- We consider our other duties under the Code and planning guidance (2025/26) issued by Audit Scotland, as and when required, including:
  - supporting Audit Scotland in Section 22 reporting
  - review of central government technical guidance prior to issue by Audit Scotland
  - providing regular updates to Audit Scotland to share awareness of current issues
  - notifying Audit Scotland of any cases of money laundering or fraud.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report. We do not place reliance on the work undertaken by internal audit.

# Other matters (2)

## Going concern assessment

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 was updated in 2020 to take account of revisions to ISAs (UK), including ISA (UK) 570 (Revised September 2019) on going concern.

PN 10 allows auditors to apply a 'continued provision of service approach' when auditing going concern in the public sector, where appropriate. Audit Scotland's also issued further guidance in a Going Concern publication in December 2020).

Within our wider scope work we will conclude on Scottish Forestry's arrangements to ensure financial sustainability.

## Internal control environment

During our initial audit planning we will develop our understanding of your control environment (design and implementation) as it relates to the preparation of your financial statements. In particular we will:

- Consider key business processes and related controls including grant accruals.
- Assess the design of key controls over all significant risks we have identified. This will include key controls over:
  - Journal entries and other key entity level controls

Our focus is on design and implementation of controls only all areas with the exception of grant accruals. We intend to assess and place reliance on the operating effectiveness of your controls relating to grant accruals during our audit.

# 04 Our approach to materiality

# Our approach to materiality (1)

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

## Matter Description

### 1. Determination

We have determined planning materiality (financial statement materiality) at the planning stage of the audit based on professional judgement in the context of our knowledge of the business, including consideration of factors such as shareholder expectations, industry developments, financial stability and reporting requirements for the financial statements. We have determined financial statement materiality based on a proportion of the gross operating costs of Scottish Forestry for the financial year.

At the planning stage of our audit, materiality is set at £1.643 million (PY: £2.200 million), which equates to 2.5% of your prior year gross operating costs for the year. Performance materiality for Scottish Forestry has been set at £1.232 million (PY: £1.430 million).

### 2. Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements.

### 3. Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process.

## Planned audit procedures

- We determine planning materiality in order to:
  - establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
  - assist in establishing the scope of our audit engagement and audit tests
  - determine sample sizes and
  - assist in evaluating the effect of known and likely misstatements in the financial statements
- An item may be considered to be material by nature when it relates to:
  - instances where greater precision is required (e.g. the auditable elements of the Remuneration and Staff Report)
- We reconsider planning materiality on receipt of the draft statement of accounts and if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

# Our approach to materiality (2)

Materiality area	2025/26 planning materiality	Qualitative factors considered
Headline materiality for the financial statements	£1.643 million	This is equivalent to approximately 2.5% of the gross expenditure for the period ended 31 March 2025 (2024/25: 2.5%).
Performance materiality for the financial statements	£1.232 million	Performance materiality has been set at 75% of financial statements materiality (2024/25: 65%). Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Reporting threshold	£0.082 million	This balance is set at £0.082 million which is 5% of materiality (2024/25: 5%). All misstatements above this threshold will be reported.
<p>Auditable elements of the Remuneration and Staff Report:</p> <ul style="list-style-type: none"> <li>• Single total figure of remuneration for each minister and director</li> <li>• Pension cash equivalent transfer value (CETV) disclosures for each minister and director</li> <li>• Payments to past directors</li> <li>• Payments for loss of office</li> <li>• Fair pay disclosures</li> <li>• Exit packages</li> </ul> <p>The total staff costs note will be audited at headline materiality.</p>	£25,000	<p>Due to the public interest in the specified remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for the specified remuneration disclosures.</p> <p>We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.</p>

# 05 IT audit strategy

# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them.

Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Advanced	Financial reporting	A detailed review of the IT General Controls related to security management, development and maintenance and technology infrastructure will be carried out for the 2025/26 financial year on these in scope systems. We will look to gain assurance on the work performed in year in relation to the design effectiveness and implementation of IT General Controls for the current financial year and update our understanding of any changes in the system since the prior financial year. We will review any changes identified in key controls from the prior year and assess the impact of any changes on the planned audit approach.
Rural Payments and Services System (RP&S)	Grant accruals	
Casebook	Grant accruals	

# **06 Wider scope and best value arrangements**

# Wider scope and best value arrangements (1)

Our responsibilities under the Code extend beyond the audit of the financial statements. The Code sets out four audit areas that frame wider scope into identifiable areas. These are as set out below:



## Financial management

Has the body got sound budgetary process, financial capacity and the control environment and internal controls are operating effectively.



## Financial Sustainability

How the body looks forward to the medium and longer term to consider whether the body is planning effectively to deliver its services or the way in which they should be delivered.



## Vision, Leadership and Governance

How effective are the body's scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.



## Use of Resources to Improve Outcomes

How the body makes best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources and reporting performance against outcomes.

We consider each of these areas through our audit planning process forming our risk assessment. Based on our planning procedures, we have not identified any significant risks in relation to Financial Sustainability, Financial Management, Vision, Leadership and Governance and Use of Resources to Improve Outcomes. We will complete our work in accordance with the code with our findings and recommendations of wider scope work performed will be communicated through the Annual Audit Report. Should a wider scope risk emerge, we will reconsider our wider scope approach as appropriate.

# Wider scope and best value arrangements (2)

The Scottish Public Finance Manual (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. [Best Value in Public Services: Guidance for Accountable Officers](#) is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

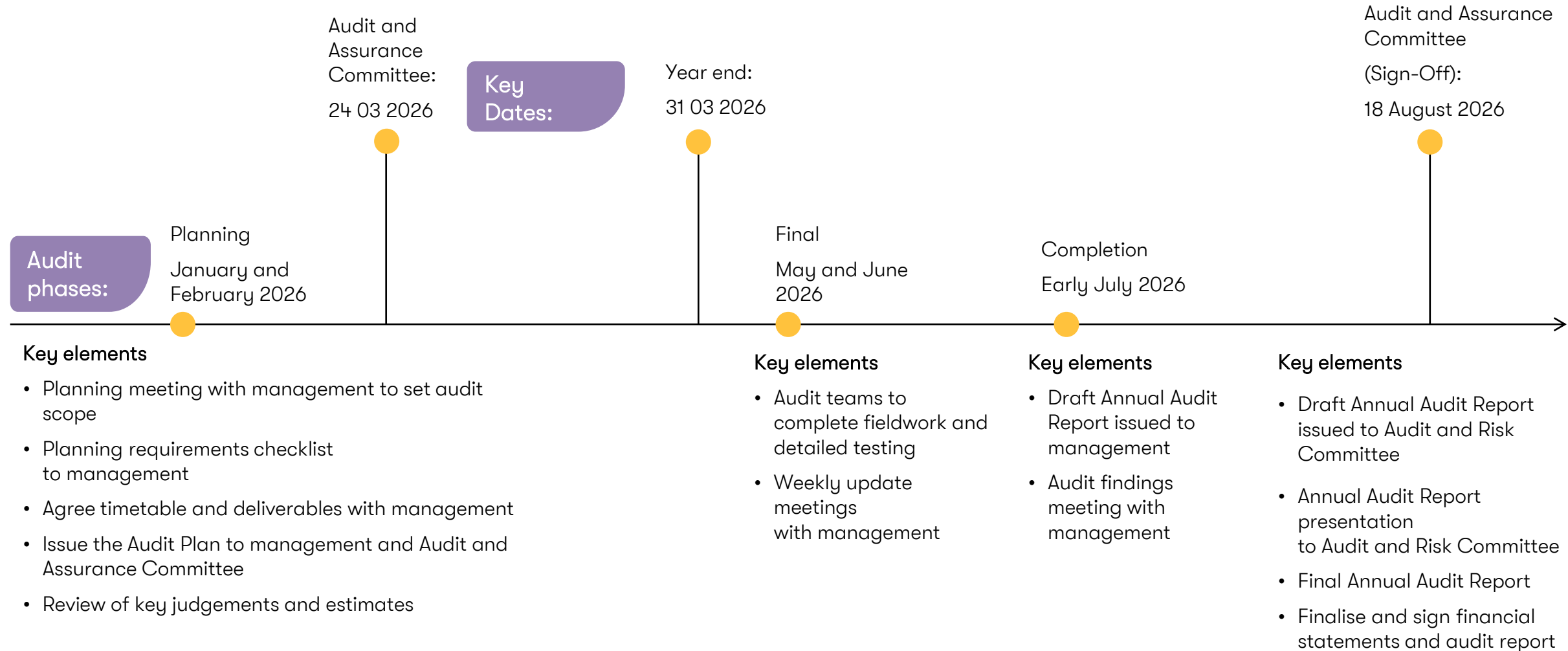
Consideration of the arrangements Scottish Forestry has in place to secure Best Value will be carried out alongside the wider scope audit, and a conclusion on the arrangements Scottish Forestry has in place will be reported in the Annual Audit Report.

Auditors may also carry out specific audit work covering the seven Best Value characteristics set out in the SPFM. The risk assessment process did not identify a need to carry out specific audit work on any of the characteristics. However, auditors are required to carry out a review of the 'fairness and equality' characteristic at least once during the audit. This will be completed during the 2026/27 audit.

# 07 Logistics

# The Audit Timeline - Logistics

We are required to submit audit plans to Audit Scotland by 31 March 2026, and it is anticipated that we will submit audited accounts and the Annual Audit Report by 31 October 2026 in line with the Audit Scotland deadline. We have set out our planned timescales for the Scottish Forestry audit below:



# Our team and communications

Angela L Pieri

Engagement Lead

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E: Angela.L.Pieri@uk.gt.com

- Key contact for senior management and Audit and Assurance Committee
- Overall quality assurance

Hannah L McKellar

Audit Senior Manager

T: 0131 659 8568

E: Hannah.L.McKellar@uk.gt.com

- Audit team management
- Resource management
- Wider scope and best value reporting

Jasvir Singh

Audit Supervisor

T: 0141 223 0771

E: Jasvir.Singh@uk.gt.com

- Day-to-day point of contact
- Audit planning/interim

Pool of valuation specialists and other technical specialists where required (e.g. tax, VAT, IT audit)

	<b>Service delivery</b>	<b>Audit reporting</b>	<b>Audit progress</b>	<b>Technical support</b>
<b>Formal communications</b>	<ul style="list-style-type: none"> <li>• Annual audit closure meeting</li> </ul>	<ul style="list-style-type: none"> <li>• The Audit Plan</li> <li>• The Annual Audit Report</li> </ul>	<ul style="list-style-type: none"> <li>• Audit planning meetings</li> <li>• Audit clearance meetings</li> <li>• Communication of issues log</li> </ul>	<ul style="list-style-type: none"> <li>• Technical updates</li> </ul>
<b>Informal communications</b>	<ul style="list-style-type: none"> <li>• Open channel for discussion</li> </ul>		<ul style="list-style-type: none"> <li>• Communication of audit issues as they arise</li> </ul>	<ul style="list-style-type: none"> <li>• Notification of up-coming issues (where appropriate)</li> </ul>

# 08 Fees and related matters

# Our fee estimate

Audit Scotland set the baseline audit fee. We can increase the fee, from the baseline, for the inclusion of additional risks, new technical matters or specific client matters identified.

We are required to consider all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed in ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. This includes, for Audit Scotland contracts, meeting the expectations of the Audit Scotland Quality Team and the Scottish Quality Framework.

Audit fees were shared by Audit Scotland with Scottish Forestry in a letter dated 15 January 2026 and approved by the Audit and Assurance Committee on 24 March 2026. Audit fees will be paid to Audit Scotland who in turn pay Grant Thornton UK LLP.

We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise.

Our estimate of the audit fees we will charge is set out in the table below, along with the fees billed in the prior year.

Entity	Audit Fee for 2024/25	Expected fees for 2025/26
External Audit Remuneration	£76,480*	£67,190
Pooled Costs	-£5,340	-£5,030
Sectoral Cap Adjustment	-£2,700	-£13,070
<b>Total</b>	<b>£69,440</b>	<b>£59,150</b>

\* Additional fees of £12,750 was levied in 2024/25 due to the implementation of the new financial ledger system and additional audit queries.

At that planning stage, we can confirm that there are no planned non-audit services.

## Our fee assumptions:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that Scottish Forestry will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit, including the Annual Governance Statement and Annual Report;
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements; and
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

# 09 Independence considerations

# Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no matters that we are required to report.

As part of our assessment of our independence at planning, we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and Scottish Forestry that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with Scottish Forestry or investments in Scottish Forestry held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by Scottish Forestry as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and Scottish Forestry .
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of Scottish Forestry's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard. We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

No non-audit services provided by Grant Thornton UK LLP have been identified. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Annual Audit Report at the conclusion of the audit.

# **10 Communication of audit matters with those charged with governance**

# Communication of audit matters with those charged with governance

## Our communication plan

	Audit Plan	Annual Audit Report
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Annual Audit Report will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

### Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

# 11 Appendices

# Respective responsibilities

The Code sets out auditor responsibilities and responsibilities of the audited body. Key responsibilities are summarised below. Please refer to the Code for further detail.

## Scottish Forestry

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Your responsibilities include:

- Maintaining adequate accounting records and working papers
  - Preparing accounts for audit, comprising financial statements, which give a true and fair view, and related reports
  - Establishing and maintaining a sound system of internal control
  - Establishing sound arrangements for proper conduct of affairs, including the regularity of transactions
  - Maintaining standards of conduct for the prevention and detection of fraud and other irregularities
  - Maintaining strong corporate governance arrangements and a financial position that is soundly based
  - Establishing and maintaining an effective internal audit function.
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## External Audit

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Our responsibilities include:

- Compliance with the FRC Ethical Standard
  - Compliance with the Code and UK Auditing Standards (ISA's UK) in the conduct and reporting of our financial statements audit
  - Compliance with the Code and guidance issued by Audit Scotland in the conduct and reporting of our wider scope work
  - Providing assurance on specified returns and other outputs (where required), as specified in guidance issued by Audit Scotland
  - Liaison with and notifying Audit Scotland when circumstances indicate a statutory report may be required.
  - Contributing to relevant performance studies (as set out in Audit Scotland's Planning Guidance for 2025/26).
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# New or revised IFRS

New or revised accounting standards that are in effect for reporting periods beginning on or after 1 January 2025.

## Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help investors understand their impact on a company's financial performance and cash flows. The amendments are effective from **1 January 2026**.

## Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments (e.g. instruments with features linked to environmental social and governance (ESG) targets). The amendments are effective from **1 January 2026**.

## IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from **1 January 2027**.

## IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is effective in the UK from **1 January 2027**.



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