

Report of the independent auditor

with financial statements as of 30 September 2011 of

World Scout Bureau - Europe Region,
European Regional Office, Geneva

To the European Scout Committee of the
World Scout Bureau - Europe Region,
European Regional Office, Geneva

Lancy, 24 July 2012

Report of the independent auditor on the financial statements

As independent auditor and in accordance with your instructions, we have audited the accompanying financial statements of World Scout Bureau - Europe Region, European Regional Office, Geneva, which comprise the balance sheet, statement of operations and notes for the year 2010/2011 ended 30 September 2011.

Responsibility of the management

The Management is responsible for the preparation of the financial statements in accordance with the accounting principles as described in the notes to the financial statements. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 30 September 2011 have been prepared in accordance with the accounting principles described in the notes.

Ernst & Young Ltd



Laurent Bludzien
Licensed audit expert
(Auditor in charge)



Thomas Madoery
Licensed audit expert

Enclosures

- Financial statements (balance sheet, statement of operations and notes)

WORLD SCOUT BUREAU - EUROPE REGION
EUROPEAN REGIONAL OFFICE, GENEVA

BALANCE SHEET AS OF 30 SEPTEMBER 2011

	Notes	30.09.2011	30.09.2010
		CHF	CHF (restated)
ASSETS			
Current assets			
Cash		288'496	343'682
Accounts receivable		12'462	5'770
Current account - Fund for European Scouting		148'904	76'453
Current account - ASBL Brussels		0	75'424
Current account - European Scout Foundation		9'653	18'886
Prepaid expenses		1'985	1'747
Total current assets		<u>461'500</u>	<u>521'962</u>
Non-current assets			
Fixed assets		27'418	9'929
Financial assets (EIF)	3	1'749'014	985'647
Total non-current assets		<u>1'776'432</u>	<u>995'576</u>
TOTAL ASSETS		<u>2'237'932</u>	<u>1'517'538</u>

(The accompanying notes are an integral part of the financial statements)

WORLD SCOUT BUREAU - EUROPE REGION
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BALANCE SHEET AS OF 30 SEPTEMBER 2011

	Notes	30.09.2011	30.09.2010
		CHF	CHF (restated)
LIABILITIES AND FUNDS			
Current liabilities			
Accounts payable		2'993	1'724
Fees received in advance		1'143	5'865
Current account - World Scout Bureau		16'139	1'118
Current account - ASBL, Brussels		59'620	0
Accrued liabilities		35'006	52'725
Total current liabilities		<u>114'901</u>	<u>61'432</u>
Restricted funds			
Deferred income for projects	5	65'453	76'324
Total restricted funds		<u>65'453</u>	<u>76'324</u>
Own funds			
Accumulated surplus		0	157'219
Reserve Development of European Scouting		267'082	195'434
Reserve European Investment Fund (EIF)	3, 4	1'749'014	985'647
Reserve support for registration fees		41'482	41'482
Total own funds	4	<u>2'057'578</u>	<u>1'379'782</u>
TOTAL LIABILITIES AND FUNDS		<u>2'237'932</u>	<u>1'517'538</u>

(The accompanying notes are an integral part of the financial statements)

WORLD SCOUT BUREAU - EUROPE REGION
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STATEMENT OF OPERATIONS FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	2010/2011	2009/2010
		CHF	CHF (restated)
INCOME			
Regional Registration Fees		243'128	228'122
Contribution from USFIS		81'819	133'584
Contribution from European Scout Foundation		0	30'000
Contribution from Fund for European Scouting Allocation		0	0
Contribution from World Scout Bureau		102'343	97'470
Project income		0	41'154
Other operational income		0	714
Total income		<u>427'290</u>	<u>531'044</u>
EXPENSES			
Grant to ASBL European Scout Office, Brussels		210'501	182'009
Project expenses		10'871	5'984
Personnel costs		46'535	77'429
Office premises		59'836	54'931
Professional fees		21'390	5'312
General and office expenses		24'993	27'696
Depreciation		12'337	854
Total expenses		<u>386'463</u>	<u>354'215</u>
Intermediate surplus		<u>40'827</u>	<u>176'829</u>
Net financial income			
Financial income		1'353	216
Loss on financial assets (EIF)		-308'664	-31'261
Exchange loss		-47'478	-24'397
Total net financial income		<u>-354'789</u>	<u>-55'442</u>
Operating (deficit) surplus (prior to allocations / withdrawal)		<u>-313'962</u>	<u>121'387</u>
(Allocations to) / Withdrawal from			
- Restricted funds		10'871	-35'170
- Reserve Development of European Scouting		-71'648	0
- Reserve support for registration fees		0	-714
- Transfer from Fund for European Scouting		980'887	0
- Reserve European Investment Fund (EIF)		-763'367	31'261
- Accumulated surplus		157'219	-116'764
NET SURPLUS FOR THE YEAR		<u>0</u>	<u>0</u>

(The accompanying notes are an integral part of the financial statements)

WORLD SCOUT BUREAU - EUROPE REGION
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STATEMENT OF CHANGES IN FUNDS AS OF 30 SEPTEMBER 2011

	30.09.2011	Operating result	Internal funds transfers	Transfer from FES	30.9.2010 restated	Restate- ment	30.09.2010 as reported
	CHF	CHF	CHF	CHF	CHF	CHF	CHF
Restricted funds	<u>65'453</u>	<u>-10'871</u>	<u> </u>	<u> </u>	<u>76'324</u>	<u> </u>	<u>76'324</u>
Own funds							
Accumulated surplus	0		-157'219		157'219		157'219
Reserve Development of European Scouting	267'082	5'573	39'549	26'526	195'434		195'434
Reserve European Investment Fund (EIF)	1'749'014	-308'664	117'670	954'361	985'647	985'647	0
Reserve support for registration fees	<u>41'482</u>	<u> </u>	<u> </u>	<u> </u>	<u>41'482</u>	<u> </u>	<u>41'482</u>
Total own funds	<u>2'057'578</u>	<u>-303'091</u>	<u>0</u>	<u>980'887</u>	<u>1'379'782</u>	<u>985'647</u>	<u>394'135</u>

(The accompanying notes are an integral part of the financial statements)

WORLD SCOUT BUREAU - EUROPE REGION
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NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2011

Note 1 - General

The World Scout Bureau - European Regional Office, Geneva is a regional branch of the World Scout Bureau, Geneva, in conformity with Article XVI (2) of the constitution and by-laws of the World Organization of the Scout Movement. It is a not-for-profit organization.

The accompanying financial statements do not include the following two entities which are part of the European Scout Region:

Fund for European Scouting (FES), Geneva

The purpose of the Fund for European Scouting (FES), a special purpose entity, is to assist the development and growth of the Scout Movement in Europe by financing approved projects within the terms of the McIntosh settlement. The Region is allocated an income from the capital value of the McIntosh bequest, commonly called the "Fund for European Scouting" (FES). A budget is prepared by the European Scout Committee to make use of this allocation.

The audited financial statements for the Fund for European Scouting, expressed in USD, are presented in a separate report.

Bureau Européen du Scoutisme ASBL, Brussels

The Bureau Européen du Scoutisme ASBL (Association sans but lucratif) - European Scout Office, was created on 31 March 2005. It is a not-for-profit organization under Belgian law, registered at the Brussels commercial court under number 0872.864.693.

The audited financial statements for the ASBL, expressed in EUR, are presented in a separate report.

Note 2 - Summary of significant accounting policies

The accompanying financial statements have been prepared under the historical cost convention, as follows:

2.1. General principles

The European Regional Office maintains its books and records in Swiss francs ("CHF").

2.2. Foreign currency conversion

Revenue and expenses in currencies other than the CHF are converted in CHF at the exchange rate prevailing at the beginning of the month of the transaction.

Year-end balances in other currencies are converted at the prevailing rates of exchange at balance sheet date.

2.3. Cash

The European Regional Office considers cash on hand, amounts due from banks and short-term deposits to be cash.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2011

Note 2 - Summary of significant accounting policies (continued)

2.4. Accounts receivable

Accounts receivable are stated at nominal value, less a provision for doubtful receivables.

2.5. Fixed assets

Fixed assets are stated at cost, net of accumulated depreciation. Depreciation is calculated on a straight line basis over the estimated useful lives of the assets.

2.6. Financial assets (EIF)

Financial assets held in trust by the European Scout Foundation are held in an investment portfolio. See note 2.11. The financial assets are valued at market value.

The movement in fair value of financial assets is recognised in the financial income and allocated to the Reserve European Investment Fund (EIF).

2.7. Accounts payable

Accounts payable are recorded at nominal value.

2.8. Accrued liabilities

Accrued liabilities correspond to costs incurred by the European Regional Office for which no invoices have been received at year-end. These costs are recorded based on management's best estimate of future cash outflows or based on invoices received subsequent to the year-end.

2.9. Restricted funds

Restricted funds (projects) consist of earmarked funds granted for specific project activities. These funds either cover current obligations for specific projects or activities still in progress at year end or need to be used for implementing the same project activities in the next year subject to approval by donor.

2.10. Reserve for Development of European Scouting

The reserve for the Development of European Scouting should serve to finance long-term strategic priorities.

2.11. Reserve European Investment Fund (EIF)

This Reserve shall constitute the invested financial assets of the Europe Region (see note 2.6). Distributions to the European Region will be made from this fund in accordance with the Agreement "The creation and operation of a European Investment Fund for Benefit of European Scout Region" signed on 11 December 2010 and amended on 10 July 2012. The amount corresponds to 5% of the average market value of the Fund during the previous three years.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2011

Note 2 - Summary of significant accounting policies (continued)

2.12. Reserve support for registration fees

This Reserve should be used to cover fees payments of National Scout Organisations that cannot afford this expenditure.

2.13. Regional registration fees

In application of the decision taken by the World Scout Committee, the World Scout Bureau follows the cash receipts method for the recognition of members' registration fee (current and arrears) and supplementary revenues.

2.14. Income and Expense Recognition

Other income and Expenses are recognized on the accrual basis and registered in the period to which they relate.

Note 3 - Financial assets (EIF)

Based on a decision of the European Scout Committee, the World Scout Bureau and the European Scout Foundation from 11 December 2010 the European Investment Fund (EIF) was created. The asset of the fund is a medium to long-term investment portfolio, is managed by the European Scout Foundation and is to be invested for good benefit of the European Scouting.

Following the creation of the EIF, cash and securities were transferred to the accounts of the European Regional Office for further transfer to the EIF.

Note 4 - Restatement of the prior year figures

As a result of creation of the European Investment Fund (EIF), it appeared that funds managed by the European Scout Foundation originating from the Fund for European Scouting (FES) belongs to the European Regional Office and corrections were required in order to properly present the prior year figures. The 2010 figures have been restated accordingly:

	<u>2010 as reported</u>	<u>Restatement</u>	<u>2010 as restated</u>
	CHF	CHF	CHF
Financial assets (EIF)	-	985'647	985'647
Reserve European Investment Fund (EIF)	-	985'647	985'647
Total own funds	394'134	985'647	1'379'781
Loss on financial assets (EIF)	-	-31'261	-31'261
Allocation to restricted funds	-	35'170	35'170

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NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2011

Note 5 - Restricted funds

The restricted project funds concerns GSF-FI / Special fund for SP 7 - Funds to be used for promoting Strategic Priority 7 internationally. An amount of CHF 10'871 was used in January 2011 to cover representation and participation costs for the World Scout Conference in Brazil.