



**World Scout Bureau – Europe Region
European Regional Office, Geneva**

Report of the
Independent Auditor
to the European Scout Committee
on the Financial Statements
for the year ended 30 September 2016



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Report of the Independent Auditor to the European Scout Committee on the Financial Statements of

World Scout Bureau – Europe Region
European Regional Office, Geneva

As independent auditor, we have been engaged to audit the accompanying financial statements for the World Scout Bureau – Europe Region, European Regional Office which comprise the balance sheet, statement of operations and notes for the year ended 30 September 2016.

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.



*World Scout Bureau – Europe Region
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Opinion

In our opinion, the financial statements for the year ended 30 September 2016 have been prepared in accordance with the accounting principles described in the notes.

KPMG SA

Pierre-Henri Pigeon
*Licensed Audit Expert
Auditor in Charge*

Cédric Rigoli
Licensed Audit Expert

Geneva, 12 May 2017

Enclosure:

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

WORLD SCOUT BUREAU - EUROPEAN REGIONAL OFFICE, GENEVA

BALANCE SHEET AS OF 30 SEPTEMBER 2016

	Notes	30.09.2016	30.09.2015
		CHF	CHF
ASSETS			
Current assets			
Cash	2.3	273,395	26,136
Receivables	2.4	20,090	103,696
Current account - Fund for European Scouting		205,832	61,548
Current account - World Scout Bureau Kuala Lumpur		29,477	41,280
Prepaid expenses		3,564	3,645
Total current assets		532,358	236,305
Non-current assets			
Fixed assets	2.5	4,591	7,840
Loan to third party	4	27,150	50,761
Financial assets	2.6	2,332,208	2,265,647
Total non-current assets		2,363,949	2,324,248
TOTAL ASSETS		2,896,307	2,560,553
LIABILITIES AND OWN FUNDS			
Current liabilities			
Accounts payable	2.7	201,374	9,086
Current account - ASBL		102,106	60,475
Current account - World Scout Bureau Geneva		0	634
Accrued liabilities and deferred income	2.8	46,706	24,000
Total current liabilities		350,186	94,195
Restricted funds			
Project funds	2.9	37,678	46,075
Total restricted funds		37,678	46,075
Own funds			
Reserve Development of European Scouting	3.1	155,352	132,258
Reserve Support for registration fees	3.2	20,883	22,378
Reserve European Investment Fund (EIF)	3.3	2,332,208	2,265,647
Total own funds		2,508,443	2,420,283
TOTAL LIABILITIES AND FUNDS		2,896,307	2,560,553

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

WORLD SCOUT BUREAU - EUROPEAN REGIONAL OFFICE, GENEVA

STATEMENT OF OPERATIONS FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	30.09.2016	30.09.2015
		CHF	CHF
INCOME			
Regional Registration Fees	5.1	193,148	205,305
Contribution from USFIS		0	92,585
Contribution from World Scout Bureau		90,151	120,235
Contribution from FES allocation		806,134	656,597
Project income		41,051	67,959
Other operational income		24,234	622
Total income		1,154,718	1,143,303
EXPENSES			
Contribution to European Scout Office ASBL operations		152,850	168,257
Project expenses		53,436	63,791
Personnel costs		891,973	894,500
Office premises		61,081	58,069
Professional fees		12,124	22,280
General and office expenses		35,130	43,630
Contingencies		10,216	11,285
Depreciation		3,821	3,927
Total expenses		1,220,631	1,265,739
Intermediate result		-65,913	-122,436
Financial result		-15,146	28,090
Exchange (loss)/gain		43,755	-94,319
Gain on investments		33,052	-112,811
Total net financial income		61,661	-179,040
Operational surplus (prior to allocation)		-4,252	-301,476
CHANGES IN RESTRICTED FUNDS			
Allocation		-41,051	-67,959
Use		53,436	63,791
NET SURPLUS OF THE YEAR (prior to allocation)		8,133	-305,644
Allocations			
Reserve Development of European Scouting		-23,094	-48,884
Reserve Support for registration fees		1,472	12,478
Transfer from Fund for European Scouting		80,049	181,034
Reserve European Investment Fund (EIF)		-66,561	161,016
NET SURPLUS FOR THE YEAR		0	0

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

WORLD SCOUT BUREAU - EUROPEAN REGIONAL OFFICE, GENEVA
NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2016

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 financial statements for the Fund for European Scouting (FES) Geneva and Bureau European du Scoutisme ASBL, Brussels, both part of the European Scout Region, are presented in separate reports.

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). Comparative figures have been updated in accordance with the changes in presentation made in the year 2015-2016.

2.2 Foreign currency conversion

Assets and liabilities in foreign currencies are converted at the prevailing rate of exchange at balance sheet date.
Revenue and expenses in currencies other than CHF are converted at the exchange rate prevailing at the beginning of the month of the transaction.

2.3. Cash

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

2.4. Accounts receivable

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

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

Financial assets, held in trust by the European Scout Foundation, are kept in a medium- to long-term investment portfolio as detailed below. The financial assets are valued at market value. The movement in fair value of financial assets is recognized in the financial income and allocated to the Reserve European Investment Fund (EIF).

WORLD SCOUT BUREAU - EUROPEAN REGIONAL OFFICE, GENEVA

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2015

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 the donor.

2.10. Income and expense recognition

The European Regional Office follows the cash receipts method for the recognition of registration fees (current and arrears) in accordance with the decisions of the World Scout Committee.

All other income and expenses are recognized on the accrual basis and registered in the period to which they relate.

Note 3 - Reserves

3.1. Reserve for Development of European Scouting

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

3.2. Reserve for registration fees

This reserve is destined to cover the fees of National Scout Organisations who cannot afford this expenditure.

WORLD SCOUT BUREAU - EUROPEAN REGIONAL OFFICE, GENEVA

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2015

3.3. Reserve European Investment Fund (EIF)

This reserve constitutes the invested financial assets of the European Region and is composed of various investments, detailed below

EUROPEAN INVESTMENT FUND PORTFOLIO AS OF 30 SEPTEMBER 2016				
Investment category	Market value	Accrued interests	Total	% NV
Liquidities	118,989	3,299	158,669	6.80
bank accounts	1,221	0	1,221	0.05
receivables			36,381	1.56
withholding tax		3,299	3,299	0.14
money market	117,768	0	117,768	5.05
Bonds	662,584	3,127	665,711	28.54
investments in bonds	595,219	3,127	598,346	25.66
structured products & warrants	67,365	0	67,365	2.89
Shares	1,507,829	0	1,507,829	64.65
investments in shares	1,507,829	0	1,507,829	64.65
Total net CHF	2,289,402	6,426	2,332,209	100.00

EUROPEAN INVESTMENT FUND PORTFOLIO AS OF 30 SEPTEMBER 2015				
Investment category	Market value	Accrued interests	Total	% NV
Liquidities	255'959	9'716	265'675	11.73
bank accounts	137'467	0	137'467	6.07
withholding tax	0	9'716	9'716	0.43
money market	118'492	0	118'492	5.23
Bonds	463'618	3'140	466'758	20.60
investments in bonds	397'042	3'140	400'182	17.66
structured products & warrants	66'576	0	66'576	2.94
Shares	1'533'214	0	1'533'214	67.67
investments in shares	1'533'214	0	1'533'214	67.67
Total net CHF	2'252'791	12'856	2'265'647	100.00

WORLD SCOUT BUREAU - EUROPEAN REGIONAL OFFICE, GENEVA

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2015

Note 4 – Loan to Third Party

In September 2014, an interest-free loan was granted to a Related Party for a duration of 4 years.

The Related Party has provided a guarantee covering the principal of the loan.

The loan granted in March 2015 to a different Related Party was replaced by a new agreement for a duration of 6 years.

Note 5 – Tax exemption

The World Scout Bureau – European Regional Office has been granted the status of exemption from tax on local, cantonal and federal level according to Art. 9, al. 1f & al. 3 of the taxation law for legal entities (LIPM). This was decided on 7th October 2014 by the Cantonal Tax authorities and applied retroactively to extend from 2012 to 10 years.

Note 6 – Commitments

An office rent guarantee of CHF 9'210 in favor of Livit SA was issued in April 2015 by UBS SA, as a conditional commitment for which the collateral is hold on the current Swiss Franc account.