



The Scout Association

**ANNUAL
REPORT &
ACCOUNTS
2002-2003**



ANNUAL REPORT & ACCOUNTS 2002-2003



The 94th Annual Report of the Committee of the Council including the consolidated financial statements for the year ended 31st March 2003.

Incorporated by Royal Charter

Registered Charity No: 306101

INDEX

	PAGE
Introductory Information	3
Introduction by the Chairman, Committee of the Council	4
Annual Report	5
Consolidated Statement of Financial Activities	22
Statement of Financial Activities	23
Balance Sheets	24
Consolidated Cash Flow Statement and Notes	25
Notes to the Consolidated Financial Statements	26
Independent Auditor's Report	39
Committee Structure and Membership	40
Census of Membership	42
The Scout Association Partners	43

Address

The Scout Association
Gilwell Park, Chingford, London E4 7QW
Tel: 020 8433 7100 Fax: 020 8433 7103
Email: scout.association@scout.org.uk
Web site: www.scouts.org.uk

Scout Information Centre

Tel: 0845 300 1818
Email: info.centre@scout.org.uk
Fax: 020 8433 7103

Bankers Barclays Bank PLC, London Corporate
Banking, 54 Lombard Street, London EC3P 3AH

Auditors Mazars, Chartered Accountants, Times
House, Throwley Way, Sutton, Surrey, SM1 4JQ

Investment Managers Cazenove Fund
Management Limited, 12 Moorgate, London EC2R
6DA

Investment Powers The Association's Royal
Charter authorises it to invest funds of the
Association not immediately required in
pursuance of its objects and to use the services of
a private investment manager or firm.

Insurance Brokers Willis Limited, Ten Trinity
Square, London EC3P 3AX

*The Scout Association exists by authority of a Royal
Charter, granted by King George V in 1912 and
supplemented by further Charters granted by King
George VI and Queen Elizabeth II. These Charters give
authority to the Bye Laws of the Association which are
approved by Her Majesty's Privy Council. The Bye Laws,
in turn, authorise the making of rules for the regulation
of the Association's affairs. The rules are laid out in The
Policy, Organisation and Rules of The Scout
Association.*

*The Aim of the Association is to promote the
development of young people in achieving their full
physical, intellectual, social and spiritual potentials, as
individuals, as responsible citizens and as members of
their local, national and international communities.*

*The Method of achieving the Aim of the Association is
by providing an enjoyable and attractive scheme of
progressive training, based on the Scout Promise and
Law.*

*The report and accounts cover the activities directly
controlled by The Scout Association (Charity Number
306101). The activities of the Scout Councils of
Northern Ireland, Scotland and Wales together with
Scout Counties, Areas, Districts and Groups are not
reflected in the report and accounts. These bodies are
autonomous charities which are affiliated to The Scout
Association which together form the Scout Movement
in the United Kingdom.*

*The management of the business of the Association is
vested in the Committee of the Council. The
Committee comprises 12 Elected Members and three
Elected Youth Representatives elected by the Council of
The Scout Association at its Annual General Meeting
and Ex-officio and Co-opted members. The total
number of Ex-officio and Co-opted members does not
exceed the total number of Elected Members.*

*The Committee of the Council appoints chairmen and
members of sub-Committees annually.*

INTRODUCTION BY THE CHAIRMAN, COMMITTEE OF THE COUNCIL

The year under review, has been a significant one for many reasons. At the start of the year, Venture Scouts supported the funeral arrangements for Her Majesty The Queen Mother, and we were delighted that in April Her Majesty The Queen agreed to review the Parade of the Queen Scout's at Windsor during her 50th Anniversary as Patron of The Association.

The Committee also considered the strategic vision for the period ending 2012, this document being presented to Area / County Commissioners at their Autumn 2002 Conference. It was pleasing to note everyone's broad support for the vision, including the issue of enhancing our profile and how to effectively say ' thanks' to all our Leaders and helpers. For the forthcoming financial year, your Committee agreed to support a request to finance a significant PR campaign which will be effective on both a local and national basis. By April of 2004, a mobile display unit will be available to promote the Association at large public events and gatherings.

One of the major issues facing the Committee is that of corporate governance, including how we manage our subsidiary companies. A number of the Trustee's became Directors of our companies, and we are in the process of recruiting external Directors. In addition, your Committee requested a working group to review how the Committee works and also to provide options for the future. We will be discussing this matter with the Council at its Conference in September 2003 for its consideration and input.

In January 2003, the spotlight turned on the UK as the responsibility for the hosting of the 2007 World Scout Jamboree was passed to us. Many will appreciate the responsibility that this brings. However our plans are advanced, key personnel in place and active interest being received from all over the world. The Scouting 2007 web site received 250,000 hits in its first month.

There are many other projects and reviews currently being undertaken including an on-line Membership Services System, planning for the bi-monthly distribution of Scouting Magazine to all Members and Associate Members over 18 years old from September 2004, a National Campsite Review, and a Child Protection Management review.

The Committee has also completed the first phase of the Gilwell Park Campsite Redevelopment and is planning for the second phase. I am also pleased to announce that the Trustee's of The

Scout Business Trust have agreed to use the remaining trust funds to build a number of new activities at Gilwell Park.

It has been a busy year, but one in which your Committee has ensured that the Association is well placed for the future.

As Chairman, I would like to thank all those on the Committee for their work and, on behalf of the Committee, I should particularly like to thank the Association's staff for all its support and efforts over the year under review. They have coped with the many demands made upon them for the successful implementation of the new youth programme, whilst supporting the background work required to formulate our new strategic vision.

Finally, it would be remiss of me not to offer the thanks of Council to two office holders who will be attending their last AGM in their present roles.

Firstly , to our Treasurer of seven years, John Emly, whose guidance and wisdom has ensured that the Association's finances have remained in good order, whilst having overviewed the financial implications of major projects.

George Purdy has served as our Chief Scout for seven years, and during his term in office has provided tireless leadership during a period of significant change. He has undertaken countless visits to Groups both home and abroad, whilst representing the Association at all levels. His contribution to UK Scouting has been outstanding, for which he received the CBE last year.

Next year will be another of great interest, with the full implementation of the new programme, continued planning for both European and World Jamboree's, ensuring we retain and increase our membership, and the on going successful trading of our subsidiary companies.

We are well placed to make significant strides forward whilst '*Shouting for Scouting.*'



John Asplin
Chairman, Committee of the Council

ANNUAL REPORT



INTRODUCTION

This report provides a summary of the business activities of the Committee of the Council and its sub-Committees during the period April 2002 to March 2003. A promotional document reviewing the current contribution that Scouting is making to the development of young people in the United Kingdom and the progress being made towards delivering 'Better Scouting for More Young People' will be published in September 2003 and distributed to members of the Council. Thereafter copies will be available from the Scout Information Centre to support local marketing and promotional activities.

The Association is grateful for the continuing support of its Patron, Her Majesty The Queen, and its President, His Royal Highness the Duke of Kent.

As reported last year the Chief Scout wrote to Her Majesty The Queen to express condolences on the death of Her Majesty Queen Elizabeth The Queen Mother in March 2002. Her Majesty graciously replied thanking the Association for its sympathies.

Venture Scouts supported the funeral arrangements for Her Majesty The Queen Mother. Some years ago at the invitation of the Royal Household, a plan for Scouting's involvement had been prepared and agreed with the Association. Within 24 hours of the announcement of the death, a core team assembled 60 Venture Scouts who were recruited to assist with marshalling the queues of people signing the books of condolence and the receiving of floral tributes in the gardens outside the Palace of Westminster. Once the lying-in-state had begun and as the queues increased, the Venture Scouts were requested to extend their duties to including stewarding inside the Great Hall of the Palace of Westminster.

The Venture Scouts and other adults involved were highly commended for their work during the five-day operation. The Committee recorded its sincere thanks to all those who were involved.

The Chief Scout also wrote to Her Majesty The Queen on the occasion of Her Golden Jubilee celebrations and on the 50th anniversary of Her Majesty becoming Patron of The Scout Association. The Association was delighted that Her Majesty, accompanied by His Royal Highness

The Duke of Edinburgh, reviewed the annual Parade of Queen's Scouts at Windsor Castle in April 2002.

Members of the Movement were actively involved in Her Majesty's Golden Jubilee celebrations in The Mall in June 2002 both as a contingent in the parade of voluntary organisations and in many other support roles.

THE COMMITTEE OF THE COUNCIL

The Members of the Committee of the Council are the Trustees of The Scout Association. The management of the business of the Association is vested in the Committee. The Committee is responsible for policy making but delegates some operational decisions to its Executive and sub-Committees, which may also recommend policies for the consideration of the Committee.

The Committee of the Council met five times during the period under review. Its sub-Committees generally met quarterly. During the year two County and Area Commissioners exercised their right of attendance at meetings of the Committee. National Commissioners were present at some of the meetings.

During the year the Committee discussed its working methods in the light of its Trustee responsibilities with a view to improving efficiency and effectiveness.

The Committee agreed that greater focus and time be given to its responsibility for policy and strategy, with less engagement with operational matters. These should be handled by the Executive Committee, sub-Committees and/or by executive staff. It therefore established a working group to undertake a review of the actual membership of the Committee, recognising its statutory and constitutional responsibilities, consulting as necessary with sub-Committees and with constituent groups of Committee of the Council members.

STRATEGIC VISION 2002 - 2012

The Committee's proposals for a strategic vision for 2002-2012 were presented to County and Area



Commissioners at their national conference in November 2002. The conference commented favourably on the Committee's proposals and it was agreed that the vision '*The Next Ten Years...*' would be used for further discussions during 2003 including at the Council's own conference in September 2003.

PROGRAMME & DEVELOPMENT

THE NEW PROGRAMME

The Programme and Development sub-Committee through the National Commissioner for Programme and Sectional National Commissioners has now taken over the responsibility for monitoring the implementation of the new Programme from the Programme Review Implementation Group. Good practice of implementation is being collated and the rate of implementation is being monitored. The approach involves seeking feedback from the Movement.

The programme itself is being adopted very quickly throughout the UK. Initial indications are that most Beaver Scout Colonies, Cub Scout Packs and Scout Troops started using the programme at the earliest opportunity. Explorer Scouts and Scout Networks are being established in Districts, Counties and Areas. Particular support is being provided by the National Commissioner and his team to help the formation of Scout Networks.

Sales of publications to support the programme continue at a high level with all resources being reprinted during the year. The quality and practicality of the resources has been praised by many Leaders and Commissioners. Work is in hand to ensure that they remain updated and current.

BETTER SCOUTING FOR MORE YOUNG PEOPLE

The Committee monitored progress on the '*Better Scouting for More Young People*' initiative which aims to impact on the Movement through growth, retention, and diversity and also through the quality of provision of effective leadership, management and programmes.

The initiative deliberately avoids the creation of new work, recognising that Scouting's core activity

is the Movement's key to success. It seeks to underpin the youth programme and adult support and to encourage all Members to think differently about how Scouting is delivered and what can be done better or differently, rather than necessarily adding to existing workloads.

This campaigning approach works around the three key areas of '*Shouting for Scouting*', '*Round Pegs in Round Holes*' and '*Scouting in Unexpected Places*'. The approach has been shared with a wide audience including County/Area Commissioners and was further explored with them at their national conference in November 2002.

SHOUTING FOR SCOUTING

'*Shouting for Scouting*' is one of the three campaigns. At the November 2002 County/Area Commissioner's Conference the '*Shouting for Scouting*' initiative was launched as both an internal and external campaign. Its aim is to help everyone, locally and nationally, be more pro-active in promoting Scouting. The first major piece of work, '*Shouting for Scouting: The Video*' has been made available to Counties and Areas with unrestricted copying rights.

As part of the ongoing work further ways to promote Scouting were considered. Work is already in hand to support local Scouting to project a even more positive image to their local communities. This includes providing more effective tools, training and support for local Scouters involved in working with the local media. New resources and training events were to be made available in Spring 2003.

The approach is integrated with the work in hand to support the appointment and training of local volunteer Media Development Managers.

Additionally it is planned to have a large mobile display unit for use at large events such as county shows, city centre community events and national trade shows. It is expected that the trailer will be available in early 2004. Other '*Shouting for Scouting*' initiatives are also being considered.

ROUND PEGS IN ROUND HOLES

Under this heading work continues to ensure that our adults receive the best possible support in carrying out their Scouting roles. Specifically work

ANNUAL REPORT



has been undertaken to ensure that reviews are carried out regularly for all adults, and this aspect of support to adults has been given a higher profile this year with Chief Commissioners undertaking regular reviews with County and Area Commissioners as a model of good practice.

The '*Adults in Scouting*' model, which describes the support that an adult should receive, has continued to be promoted. The aim is to make adults aware of the wide range of support they should receive and to help them to ask for that support if required. Promoting the model also assists all Commissioners to focus their efforts on supporting adult leaders, who are the cornerstone of Scouting.

SCOUTING IN UNEXPECTED PLACES

Work continued to ensure that Scouting is developed within communities and groups currently underrepresented within the Movement. Relationships with Black and Minority Ethnic Communities continued to be developed at local and national levels. These partnerships aim to ensure that Scouting is educated to meet the needs of young people from these communities and that all parties are aware of what Scouting has to offer.

The number of girls and young women in Scouting continues to increase. However the rate of increase could be significantly improved and work continues to educate both Leaders in Scouting and the general public about the opportunities that co-educational Scouting presents.

The Department for Education and Skills funded a project to investigate the links between Scouting and the Government's Connexions service in England. Initial results indicate that there are significant numbers of projects being undertaken and further work will be undertaken to share this good practice throughout the UK. Much of the work being undertaken is with disaffected young people and alternative models of Scouting which are attractive to these groups will be shared and offered as models of good practice.

BRITISH YOUTH COUNCIL

The Committee received a report on the work of the Scout Delegation to the British Youth Council. It was noted that Sentley Wilson, a member of the

Scout Delegation, had been elected onto the British Youth Council's Management Committee.

The Chairman of the Scout Delegation attended the European Regional Network Meeting for representatives on National Youth Councils. This meeting proved very useful for sharing some of the challenges facing National Scout and Guide Organisations participating in bodies similar to the British Youth Council. Many examples of good practice were shared and ideas suggested for improving the impact of Scouting's involvement in National Youth Councils.

The Committee agreed that County/Area Commissioners and Nominated Youth Members of Council should be encouraged to encourage nominations for membership of the Scout Delegation to the British Youth Council which was increased from four to six members. It also approved a revised remit for the Scout Delegation to the British Youth Council.

YOUNG ADULT PARTICIPATION

During the Association's Council in Conference in September 2002 an informal gathering of Nominated Youth Members of Council of The Scout Association took place and considered how the Association could better support them to carry out their role effectively. The Council in Conference also provided a workshop on '*Developing Scouting – Involving Youth*'. This too indicated ways in which the Association could better support young people working with Headquarters.

After considering a number of options it was proposed that a weekend meeting should be held in Spring 2003. INSIGHT03 delivered training sessions based around the skills and knowledge required for effective participation in decision making and raising self-confidence. It also briefed Nominated Youth Representatives on the work of Headquarters and sought their views on current Headquarters work. It is accepted that further work is needed to support young people working with Headquarters and that a follow up to this event is required. A further report will be submitted to the Committee in September 2003 which will indicate how participants felt the meeting had provided an ongoing benefit to them. INSIGHT04 will be held in the Spring of 2004.

ADULT TRAINING REVIEW

The review and redesign of the Association's Adult Training programme continued during the year. The Association is committed to providing a flexible and relevant scheme of training for all adults in Scouting. Decisions were taken during the year to combine the training programme into one comprehensive modular approach for all adults, rather than have separate approaches for Leaders, Commissioner and Trainers. The decision was also taken to require all Leaders to undergo First Aid training as part of the pattern of training.

Training Advisers (a person appointed to support each learner) are key to the new approach and support has been provided to Counties and Areas to help them recruit people to this new role. A training module supporting the training of Training Advisers was published during the year.

The development of materials to support the new approach continued through the year. The Association is committed to providing at least two different routes to completing each module in the revised scheme. During the year e-learning resources and workbooks were under development in preparation for the formal launch of the new programme in September 2003.

ADVENTUROUS ACTIVITIES

A strategic review of the Headquarters support to adventurous activities was undertaken and proposals were made to improve the nature and structure of that support. The proposals included restructuring of the national volunteer structure and the appointment of National Activity Advisers who would advise on broader areas and also be the principal contact with the National Governing Bodies of key activities.

These Advisers will also provide information, advice and support to Scout Assessors. There will also be teams set up to address the marketing of activities and the resources available to support Leaders; to carry out a review of creative activities; and to review how rules, regulations and technical advice are communicated to the Movement.

NIGHTS AWAY SCHEME

The Committee received the report on the proposed Permit Scheme. For more than ten years the Association has been looking for a way of

updating the regulation of camping and other residential experiences enjoyed by young people. A number of working groups had been established during this period to find practical ways to both promote high standards and encourage Leaders to put on more of these events which had been identified as one of the main reasons young people give for enjoying Scouting.

In 1999, the Residential Experiences Working Group recommended the adoption of a Night's Away Permit Scheme and a two-year trial was approved for three Counties to run through 2000 and 2001. The feedback from the trial was very positive. Leaders appreciated the flexibility, lack of red tape and the implied approval of standards, which the scheme gave.

In the Autumn of 2001, additional consultative meetings were held. Without exception, these offered general approval to the draft proposals and welcomed the principles of the approach. Valuable points were made and carefully considered by the working group.

Once an adult has gained a permit, they will be free to organise residential experiences and camps. The issue of a permit will require a technical assessment and validation of skills and a judgement of the applicant's suitability to lead.

The scheme was launched in Spring 2003, with support material being distributed to Commissioners. The Movement will move to the new scheme - replacing the current Form PC authorisation and formal camp visit system - in Spring 2004 with full implementation by September 2004.

ACTIVITIES FOR OVER 18S

A review was undertaken with regard to adventurous activities for groups composed of adults only. The intention was to devise a system whereby adult groups would be responsible for their own actions but still take the Association's rules into account. The Committee agreed new rules would be included in the Association's '*Policy, Organisation and Rules*'.

NATIONAL PROGRAMME INITIATIVE 2004

The National Programme Initiative for 2004 will be based around the theme '*Caring for our*

ANNUAL REPORT



Environment' and will be closely linked with the 'Environment Group Award'. Sections and Units will have the opportunity to work with others to plan and implement at least one community based project and implement at least one major project in the area of the environment. The initiative is being supported by the Environment Agency.

ADULTS IN SCOUTING

It has been agreed to review and re-write many of the general Adult Support resources currently available. The current publications contain a considerable amount of repetition and it was felt that as well as updating the materials to complement the new youth programme, the overall number of resources could be reduced.

COMMUNICATION AND CONSULTATION MEETINGS

Headquarters continued to work with regions to provide briefing days for those working at County/Area level. More than 1,000 Scouters attended these briefings in 2002/3. During the meetings attendees were brought up to date with the latest developments at Headquarters and were able to comment on future plans. Each meeting was attended by at least 12 Headquarters representatives which enabled the full range of issues affecting the Movement to be discussed.

Plans are in hand to review and update the format of these briefings to ensure that they meet the needs of all participants. However the benefits of Headquarters communicating messages direct to key personnel and hearing views and concerns directly have been commented on positively by many people.

DISTRICT COMMISSIONERS' DAYS

In the continuing drive to increase the level of support to District Commissioners, Headquarters has provided a number of Open Days aimed at these key personnel. The days have been held at Gilwell Park with the aim of providing up to date information about Headquarters and also to enable District Commissioners to meet staff face to face and to see the facilities and services available.

Feedback has been very positive with many established District Commissioners finding the days very valuable in bringing them up to date and newly appointed District Commissioners finding the range of support available very helpful. It is intended to run a further series of these days during 2003/2004.

GILWELL PARK CAMP SITE REDEVELOPMENT

Work commenced on the first phase of the redevelopment in 2002. The Committee agreed that the first £5 million of spend could be authorised from reserves to facilitate the first designs, the estate preparation, the water and ablution services and the first phase of buildings. This sum is included within the total fundraising target of £20 million. After a full tendering process, the Committee appointed Mowlems as the building contractor for the first phase. Future contracts are still to be tendered for.

A Campaign Director was appointed to assist with the fundraising. Early fundraising work includes creating a prospect management system. This system is being developed for wider and longer-term Association use and not solely for this project.

The Chief Scout and the Chief Executive visited the United States of America to meet with the national leadership of Boy Scouts of America and with some individuals known to be supportive of the Gilwell project.

The first phase of building was substantially complete by the end of March 2003. It was agreed that there would then be a pause of 18 months in the building programme to enable the first tranche of fundraising income to be established and a review to be carried out of two seasons' usage (Summer and Winter) of the first buildings. This pause until Autumn 2004 will still enable the main inter-related second phase of the building plan to take place from Autumn 2004 until Spring 2006.

The first phase included the provision of a new accommodation unit, a new ablutions unit and significant infrastructure works.

SCOUTBASEUK AND SCOUTSREUNITED

The Members website (www.scoutbase.org.uk) remains one of the largest charity websites in the



The Scout Association

ANNUAL REPORT

UK and continues to provide Members with direct access to a great deal of management and resource information. Its success depends upon the dedication of a team of volunteer Members who develop and maintain the content. The associated email list is providing 'instant' news and information to over 27,000 subscribers and is an integral part of the Association's communications processes. This list is supplemented with a series of 'special-interest' mailing lists to which Members can subscribe in order to be kept up to date with news and information on specific topics.

A highly successful development of ScoutBaseUK has been the launch of ScoutsReunited (www.scoutsreunited.co.uk). In just over a year more than 10,000 subscribers have joined in order to establish links with former friends and Members. The site is generating a modest income stream and useful data.

NATIONAL EVENTS NATIONAL PARADE AND SCOUT SERVICE

The National Parade for Queen's Scouts was held by kind permission of Her Majesty The Queen at Windsor Castle in April 2002. Her Majesty The Queen, accompanied by His Royal Highness The Duke of Edinburgh, reviewed the parade of over 500 Queen's Scouts. The parade included representatives from 21 other Commonwealth countries who were invited to join in Her Majesty's Golden Jubilee Celebrations. This was Her Majesty's first engagement since the death of Her Majesty The Queen Mother. Forty Venture Scouts who had assisted with the funeral arrangements also joined the parade. The National Scout Service took place in St George's Chapel by kind permission of the Dean and Chapter.

HAWKHIRST ADVENTURE CAMP - 20 YEARS OF ADVENTURE

In May 2002 over 800 Scouts and Guides celebrated 20 years of adventure at a themed camp at the Hawkhirst. Hawkhirst Adventure Camp is situated on the shores of Kielder Water Reservoir and was officially opened by Her

Majesty The Queen in May 1982. As part of the celebration the Chief Scout opened a new staff building.

The theme for the camp was '*Romans and Reivers*' and was chosen because of the rich history of Northumberland in which Hawkhirst is located. During the camp the young people had the choice of over fifty activities.

THE SPEAKER'S RECEPTION

The Speaker of the House of Commons graciously hosted a reception of Scouts and Members of Parliament in Speaker's House at Westminster in June 2002. Some 120 Scouts and Members of Parliament attended this significant annual event.

GILWELL REUNION

The 76th Annual Gilwell Reunion was held at Gilwell Park at the beginning of September 2002. Activities and information bases under the theme '*Commonwealth Capers*' brought together aspects of the Queen's Golden Jubilee Celebrations and the Commonwealth. 1,500 Leaders from the United Kingdom and 11 other countries attended the event.

FOUNDER'S DAY 2003

The Chief Scout and other members of the Association attended the Founder's Day/Thinking Day Service in February 2003 in Westminster Abbey.

SILVER WOLF HOLDERS' RECEPTION 2003

The Chief Scout hosted a reception in February 2003 for Silver Wolf holders who received their award in the St George's Day Awards 2002.

GILWELL PARK WINTER CAMP

Freezing temperatures did nothing to deter the enthusiasm of more than 1,100 Scouts at the 15th Annual Winter Camp at Gilwell Park in January 2003. The highlight of the weekend was the handing over of £45,000 raised by Scouts throughout the UK to help Commonwealth Scouting charities.

ANNUAL REPORT



A group of young people, representing half a million UK Scouts presented the cheque. The money was raised from the sale of the special badge worn by Scouts during 2002 to mark Her Majesty The Queen's Golden Jubilee. The funds from the 'Make A Difference Jubilee' appeal were earmarked for a variety of charitable Scout projects in Commonwealth countries including India, Kenya, Uganda, and Malaysia.

INTERNATIONAL SCOUTING AND THE WORLD COMMUNITY

The Committee received a copy of the resource 'War in Iraq' that had been prepared by the International Commissioner and staff to help Members of the Movement deal sensitively with issues arising from the conflict in the Middle East.

36TH WORLD SCOUT CONFERENCE

The Committee sent delegations to the World Scout Conference and World Youth Forum in July 2002.

In line with the mandate given by the Committee, the UK delegation to the World Conference voted in favour of amendments to the World Membership Fees System. The delegation voted against a resolution to impose a flat fee for world events on the grounds that it was not workable. The resolution on this matter was defeated.

The Committee noted that the World Scout Conference had adopted a policy entitled 'Youth involvement in decision making' and had selected the subject of youth involvement as its strategic priority for the next three years.

The Association's delegation decided not to propose an amendment to the policy by the addition of transitional arrangements along the lines of the Association's own 'Voice for Young People' initiative as the delegation considered that a large number of National Scout Associations would not be receptive to such an idea at the moment. The Association's view on this matter was more advanced than many others and thus proposing such an amendment might make world progress more difficult.

20TH WORLD SCOUT JAMBOREE, THAILAND

2,758 members of the Association and of GirlguidingUK took part in the 20th World Scout Jamboree in Thailand over the 2002/2003 Christmas and New Year period. The numbers participating is a testament to the hard work of adults all over the United Kingdom in making sure that as many young people as possible had the opportunity to take part in this unique event. More than 22,000 Scouts from nearly 150 countries attended this world gathering of youth. The UK contingent was the largest one at the World Scout Jamboree from overseas.

Before the World Scout Jamboree the units enjoyed the opportunity to take part in activities, to visit the tourist sights of Bangkok and to acclimatise. The highlight of this part of the programme was the Christmas Day celebration. Celebrities, including Gary Lineker, Dwain Chambers, Tom O'Connor, Anita Dobson and Charlie Dimmock, sent video Christmas greetings to participants on Christmas Day.

At the World Scout Jamboree the daily programme offered a wide range of activities. In addition there were many free-time activities available for the young people to participate in. The Closing Ceremony included country participation and the handover to the UK - the host for the 2007 World Scout Jamboree - was particularly spectacular.

Home hospitality was organised for the UK participants in Japan, Korea, Malaysia, Singapore, Taiwan and Thailand. Because of security concerns, the original plans to go to the Philippines were cancelled.

The Association is most grateful to the host families and the host Scout associations. The hospitality and welcome from the Malaysian Scouts included a meeting with the Prime Minister.

The UK supported Scouts from Malawi, the Caribbean, Armenia, Moldova and Solomon Islands so that they could take part in the World Scout Jamboree. They joined four of the UK units for the camp. Having these Scouts join a UK unit was very worthwhile.

The Association was very conscious of the risks of moving so many young people which was brought into focus by the events of 11 September 2001 and by a subsequent terrorist activity in Bali and the



Philippines. The contingent organisers therefore kept in touch with the Foreign and Commonwealth Office and took professional advice from specialists in the field of security and political risks.

Media Managers were appointed by 40 out of the 60 units attending the World Scout Jamboree for this important role. Support was provided and more than 1,500 articles appeared in local newspapers. A number of UK radio interviews were also conducted on Christmas Day from Thailand.

Contingent web pages were established and despite initial technical difficulties in Thailand, unprecedented hits were recorded on the pages as people accessed images direct from the World Scout Jamboree with the daily bulletin. After the World Scout Jamboree each participant was provided with a specially commissioned video of the event designed to further promote Scouting and the 2007 Centenary celebrations.

JOIN-IN-JAMBOREE

The Join-in-Jamboree resource provided lots of programme ideas for all those who were unable or not eligible to attend the World Scout Jamboree. The Tourist Authority of Thailand sponsored the pack.

12TH WORLD SCOUT MOOT

During the previous year it was agreed that the Association would send a small contingent to the World Scout Moot to be held in Taiwan from 29 July to 11 August 2004. Plans are progressing well and interest from Counties and Areas is positive.

Like a World Scout Jamboree, a Moot is a World Scout event. Several thousand young people aged 18-25 come together from across the globe to share the experience of a lifetime.

The theme for the Taiwan Moot is '*Scouting – Unlimited Challenges*' and it will offer an exciting programme. In international teams, participants will be able to experience 5,000 years of traditional cultures on a four-day expedition through the National Parks of Taiwan, take part in a wide range of adventurous activities and share their views about the world in the Global Development Village.

EUROPEAN SCOUT CONFERENCE 2004

The Committee approved the membership of the Association's delegation to the European Scout Conference which is to be held in Iceland in April 2004. The Chairman of the Committee of the Council will lead the delegation. The delegation will include two members aged 18-25 years.

VISITS

Apart from those attending the World Scout Jamboree in Thailand 9,460 Members of the Movement from 85 Counties and Areas took part in a visit abroad during the year. Members visited 46 countries. This is a significant increase on previous years.

MANAGEMENT & ADMINISTRATION

COUNTY/AREA COMMISSIONERS' CONFERENCE

A national conference for County/Area Commissioners was held in November 2002 at Ribby Hall, near Blackpool. During the conference the Chairman of the Committee of the Council reviewed the achievements that had already been attained in the strategy period 1997-2007. The conference agreed that a great deal had been achieved in the previous five years and this had been well received within the Movement.

The conference also considered the Committee's proposals for a strategic vision for 2002-2012. Reference had been made during the conference to the proposal to hold a District Commissioners' Conference in 2004. This had been supported within the overall acceptance of the vision proposals.

In the session considering '*Shouting for Scouting*', there was significant agreement from the conference on two objectives. First, that Headquarters should seek ways of thanking the countless leaders and supporters who support Scouting at local level. Second, that every effort should be made to publicise Scouting in the wider community.

The conference also considered how Scouting could become a more diverse Movement. Feedback

suggested a wide range of actions to be considered by Counties/Areas and by Headquarters. There was broad agreement that the Association needed to address directly these issues and that in the future Scouting should be a more inclusive Movement. This will be incorporated into the strategy.

NON-EXECUTIVE DIRECTORS OF SUBSIDIARY COMPANIES

The Committee reviewed the current policy relating to non-executive directors of the Association's trading subsidiaries in light of the general advice available from the Charity Commission and recent experience in recruiting non-executive directors.

The external environment for non-executive directors has changed with heightened attention to corporate governance and the role of non-executive directors in the light of several high profile corporate failures. This pressure has led to a significant reduction in the number of appointments that individuals are expected to be able to hold and a consequent fall in those willing to work pro-bono for charities, particularly in specialist areas.

It was clear to the Committee that the Boards should comprise a balance of skills and responsibilities; there should be at least one director of the trading subsidiary who can represent the Association's interests with an ability to grasp the issues facing the business, and some with a specialist skill that could add value to the business of the company.

The Scout Association has four active direct subsidiaries, namely Scout Shops Limited, Scouting 2007, Scout Insurance (Guernsey) Limited and Scout Services Limited. Scouting 2007 also has its own trading subsidiary, Scouting 2007 (Trading) Ltd.

A search group for non-executive directors of Scout Shops Limited has been searching for suitable candidates since 2000. The task has had only limited success due to the precedent that the Association and its subsidiaries do not normally offer any payment to non-executive directors.

The Committee decided that at least one Trustee, in addition to the Chief Executive, be appointed to the Board of each direct trading subsidiary, subject to a recruitment process and to the availability of relevant skill-set.

In addition the Committee authorised the Board of each trading subsidiary to offer appropriate remuneration to non-executive Board directors who are external from Scouting at the time of their appointment if the Board believed this option would assist their recruitment. If any Board agrees such remuneration, the level of that remuneration will be set by each respective Board within parameters approved by the Executive Committee.

POLICIES

The Committee approved an anti-bullying policy. Article 19 of the United Nations Convention on the Rights of the Child state that children have the right to protection from all forms of violence and that they must be kept safe from harm and must be given proper care by those looking after them.

The Scout Association is committed to this ethos and the Committee seeks to ensure, as far as is reasonably practicable, the prevention of all forms of bullying among Members. To this end all Scouting activities should have in place rigorous anti-bullying strategies. The new policy will require all adults in Scouting to help develop a caring and supportive atmosphere, where bullying in any form is unacceptable.

In due course policy guidelines will be published and distributed.

The Committee also agreed that the Association's Fundraising Policy be amended to confirm that it is also applicable to other promotional and advertising media such as printed material, publications, web-sites, events and buildings.

On a separate matter the Committee received the recommendations of the SCOUTING Magazine Working Group. The working group had considered ways of reducing the magazine's deficit and various options for its future direction and development. An initial decision to change magazine printers together with other cost saving measures meant that by the end of the financial year the Magazine had halved its losses. Despite a number of initiatives the number of subscribers had not grown significantly and circulation remained at around 20,000 copies.

The working group's remit also embraced looking at the role of the Magazine as part of the Association's total communications strategy,

particularly with its Members. Its conclusion was that a printed magazine directly posted to all adult Members and Associate Members over 18 years old would bring about a step-change in the way Headquarters was able to support Leaders and other adults who are key Members of the Movement. Production and circulation of this new bi-monthly publication is planned for launch at the District Commissioners' Conference in September 2004.

INSURANCE

The Committee received a briefing on the additional insurance risks being taken by Scout Insurance [Guernsey] Ltd. The additional risk being taken is to help offset the large rises in insurance premiums that had been demanded by the Association's insurers. Premiums had risen sharply in the market place following the terrorist attacks in the United States of America in September 2001.

MEMBERSHIP SERVICES SYSTEM

The new system will provide local benefits for Groups, Districts and Counties/Areas, which will include support for membership growth, development and fundraising. The system will be web-based with all Members able to access their own details and get information specific to their needs. The contract for this work was awarded to a partnership of companies who were able to provide an integrated system. Trials will commence in September 2003 with full implementation planned by September 2004.

CENSUS 2003

The analysis of this year's census shows that the total membership has declined by 3.2 per cent since last year [against a 4.3 per cent decline the year before]. The report shows the start of some encouraging trends especially in the lower age bands.

CAMPSITES STRATEGY

The Executive Committee established a National Camps Sites Strategy Working Group to review some work that had already been undertaken with a view to developing and presenting to the

Committee recommendations for a National Campsites Strategy.

This work is being undertaken in the context of the Association's affirmation of the centrality of camping to Scouting's programme and also to ensure the long-term provision of good quality residential/camping opportunities for Members of the Movement.

CHILD PROTECTION MANAGEMENT REVIEW

The Association has always been conscious of child protection issues and has been particularly proactive on this matter in the last 10 years. As good practice, the Committee agreed that there will now be a full and wide-ranging review of all aspects of child protection. The resulting report and any recommendations will be considered by the Committee and its sub-Committees.

'KEEPING CHILDREN SAFE' CHILD PROTECTION AWARENESS PROGRAMME

The 'Keeping Children Safe' Child Protection Awareness Programme has been developed from collaborative work between five partner organisations – The Scout Association, GirlguidingUK, St John Ambulance, Amateur Swimming Association and the NSPCC.

'Keeping Children Safe' provides a programme of introductory child protection awareness training to individuals in organisations where there was a current child protection policy. The programme is managed by NSPCC EduCare and uses a distance learning technique.

Since the launch of 'Keeping Children Safe' over 6,500 Scout participants have completed, or are in the process of completing, the programme modules. A random sample taken from evaluations returned by participants shows that all felt the training was valuable, enjoyed the learning method used and would recommend it to others.

'Keeping Children Safe' is proving to be a huge success with participants not only in the partner organisations but with other voluntary and statutory agencies which have also adopted the programme for their paid staff and volunteers

ANNUAL REPORT



including the RSPB, Leeds City Council, the Royal British Legion, East Sussex County Council, the National Federation of Sea Anglers and the English Ladies Golf Association.

CONSTITUTIONS

During the year the Committee approved amendments to the Constitution of the Scottish Scout Council.

CHARITY AWARDS 2002

The Association celebrated receiving 'commended' status in the national Charity Awards 2002.

WINDSOR APPEAL

The Association has enjoyed the unique privilege of holding the Annual Parade of Queen's Scouts in the Quadrangle of Windsor Castle and the National Scout Service in St. George's Chapel since 1934 [excluding the Second World War]. 2002 also marked the 50th anniversary of the patronage of the Association by Her Majesty The Queen.

The Chief Scout therefore felt that the Association should make a suitable gift to St. George's Chapel as a means of expressing the Association's thanks. Therefore with the approval of the Patron an appeal was launched at the close of the 2002 Council in Conference by inviting all former Kings and Queen's Scouts to contribute. The appeal was extended to include all St. George's Day Award holders who had also enjoyed the privilege of attendance at Windsor. For more details see www.sbuk.org.uk/donations/windsor.php.

CENTENARY CELEBRATIONS 2007

The Committee received progress reports and noted the progress on the preparations for the celebration of Scouting's centenary in 2007.

Scouting 2007 led the World Scout Conference reports in Greece on preparations for the centenary and was formally launched to the Movement in the UK at the County Commissioners' Conference in November 2002. Representatives from the 2007 World Scout Jamboree Team also worked closely with the Thailand World Scout Jamboree Team. Scouting 2007 launched its own web site in January 2003 in a variety of languages and the first souvenir items

were on sale from February 2003. For more details see www.scouting2007.org.

The Association will make appropriate arrangements for the United Kingdom contingent to the 2007 World Scout Jamboree in the usual way.

VOLUNTEER APPOINTMENTS

The Committee noted that George Purdy would relinquish his appointment as Chief Scout in May 2004 and agreed arrangements for the appointment of a successor.

The Treasurer, John Emly, would also relinquish his appointment at the Annual General Meeting in September 2003 and the Committee also made arrangements for the appointment of a successor.

Craig Turpie was appointed as leader of the UK contingent to 'Roverway' in Portugal in May 2003.

Graham Coulson was appointed as National Commissioner for Development from January 2003.

Marylyn Evans succeeded Graham Coulson as National Commissioner for Beaver Scouts.

The Committee recorded its congratulations to Fr. John Seddon upon his appointment as the European and Mediterranean representative on the World Committee of the International Conference of Catholics in Scouting for an initial period of two years.

Carl Hankinson was appointed as the Leader of the UK Contingent to the 2004 World Moot in Taiwan.

Andrew Sharkey was appointed as the Leader of the UK Contingent to the 2005 European Scout Jamboree.

Paul Brenham was appointed as the Chairman of the Brownsea Island Scout and Guide Management Committee with effect from September 2003. The Chief Guide and GirlguidingUK had also approved this appointment. The term of office of the present Chairman, Angela Thomas, was due to expire in May 2003 but has been extended to September 2003.

Wayne Bulpitt was appointed a Trustee of The Scout Association Pension Fund in succession to Kenneth Thomson in June 2002. Roger Haywood was appointed the Pensioners' Representative



Trustee in November 2002 in succession to Maurice Cornelius.

In November 2003, the Chief Scout conferred the honorific of Gilwell Fellow to Nelson Block, a Scouter in the USA who is a renowned Scout historian and who has been significantly influential over many years in contributing to the research, analysis and positioning of the history of Gilwell and UK Scouting in the world of international academic study.

STAFF APPOINTMENTS

John Rolfe was appointed as Campaign Director for the Gilwell Park Redevelopment in September 2002.

The Committee noted that John Fogg will retire from the post of Director of Communications in March 2004 and established a selection panel to seek a successor.

NATIONAL HONOURS

The Committee was pleased to note that the following members of the Movement were honoured by Her Majesty The Queen in Her 2002 Birthday Honours List for services to Scouting and/or the community:

Knight Batchelor

Sir Nicholas Winterton, MP, County Vice President, Cheshire

MBE

Thomas Ayres, supporter, Farnham, Surrey

Phil Brisley, former GSL, 1st Amman Scout Group, Jordan

Ernest Dunkley, Vice President, 12th Northolt Scout Group, GLMW

Margaret Pegge, former Group Secretary, Trull Scout Group, Somerset

Peter Russell, Secretary, Jewish Scout Advisory Council,

The Committee was also pleased to note that the following Members of the Movement had been honoured by Her Majesty The Queen in the 2003 New Year's Honours List for services to Scouting and/or the community:

MBE

Michael Brook-Foster, ADC [Scouts], SL, Weald, Kent

Peter Harry Davis, Chairman, Galleon Scout Fellowship and London Scout Councils

Denis Evans, Group Treasurer, former SL, 1st Bilston, Wolverhampton East, West Mercia

Olive Harrison, St. Helens, Merseyside

Mary Esther Sillibourne, Ruckinge and Hamstreet Scouts and Guides

FINANCIAL MATTERS

The Association's Accounts have been prepared in accordance with the Statement of Recommended Practice '*Accounting and Reporting by Charities*' introduced in 2000, more commonly referred to as the '*Charities SORP*'.

OVERVIEW

Yet another eventful year in terms of the Association's finances ended with an operating surplus of £1,728,000 compared to £371,000 in 2002 (excluding the transfer to the Association of assets amounting to £2.53m from The Scout Foundation). This improved result reflected increased profits from the operating subsidiary companies, particularly Scout Shops which achieved a profit of £1.33m compared to £9,000 in the previous year. This surplus was, however, not sufficient to offset the £2.88m reduction in the value of the Association's investment portfolio as a result of the further decline in world stock markets. As a consequence there was a reduction of £1.15m over the year in the Association's funds to £34.73m.

Both incoming resources and resources expended under the heading 'Activities in furtherance of the Charity's objects' were inflated by £6.16m and £5.71m respectively, reflecting cash flows arising from the 20th World Scout Jamboree.

£4.5m from designated funds was invested into fixed assets at Gilwell Park as part of the Gilwell Campsite Redevelopment project. A pause has now been called to the building programme to allow a detailed evaluation of usage of the buildings and to enable the first phase of fundraising to be secured.

As a result of activities over the year as a whole, there was a cash outflow of £1.4m.

ANNUAL REPORT



INCOMING RESOURCES

Total incoming resources for the year amounted to £39.2m, an increase of £9.1m over 2002. Of this increase £6.2m arose from participants fees in the World Scout Jamboree held in Thailand, while retail sales within Scout Shops grew by £4.8m (33%) in an exceptional year's trading.

Membership fee income declined by 3% to £6,578,000, a decrease of £177,000 over last year. A subscription rate increase of 30 pence per Member (2%) was not enough to compensate for a decline in membership of just over 4%.

Donations, legacies and similar income amounted to £712,000. This compares with £458,000 in the previous year after excluding the transfer of assets from The Scout Foundation. The Association's 'Statement of Financial Activities' (SOFA) includes £609,000 (£121,000) in respect of profits covenanted to it by Scout Shops and Scout Services which are eliminated on consolidation.

Activities in furtherance of the Charity's objects comprise the revenues attributable to the sale of goods and services as part of the directly charitable activities of the Association and of ancillary trades carried on in support of its primary purpose. These include camping, training and accommodation charges at Baden-Powell House, Gilwell Park and Hawkthirst. In addition there are Information Centre and SCOUTING Magazine sales, and insurance commissions earned both by the Insurance Department at Lancing and by Scout Insurance (Guernsey) Ltd, as well as the aforementioned participants fees for the World Scout Jamboree.

Activities for generating funds include the retail sales of Scout Shops and Scouting 2007 and the sponsorship and promotional income derived by Scout Services within the consolidated SOFA, together with non-Scouting income generated by Baden-Powell House and Gilwell Hotel and Conference Centre. Scout Shops' sales rose from £14.5m to £19.3m in a year that included the launch of the new youth programme publications and the equipping of the UK contingent to the World Scout Jamboree. The Association's SOFA includes the management charges made to Scout Shops and Scout Services for staff employed on these operations, which are eliminated on consolidation.

Investment income in the consolidated SOFA is in line with last year at £1.3m, much of it being applied to the Short Term Investment Service (£516,000) which was paid out to depositors during the year. The Association's income includes interest charges made to Scout Shops of £198,000 (£271,000) which is eliminated on consolidation.

RESOURCES EXPENDED

Resources expended rose to £37.5m, an increase of £10.3m over 2002. Of this increase £5.7m was expended on the UK contingent to the World Scout Jamboree. Retail operating costs increased by £3m, and insurance costs rose a further £600,000, reflecting the continuing difficulties within this market.

Costs of generating funds within the Association include the payroll costs charged to Scout Shops and Scout Services which are eliminated on consolidation, together with the release of the prior year provision of £755,000 against the investment in Scout Shops which is no longer required.

Expenditure on activities in furtherance of the Charity's objects include the first year costs on the Membership Services project of £246,000. Support for Scouting 2007 amounted to £401,000 (£148,000), which is eliminated on consolidation.

Support costs have been attributed to costs of generating sales and charitable expenditure based on an estimate of staff resources or are apportioned in accordance with the split of incoming resources where they cannot be allocated to specific cost categories.

Management and administration comprises costs attributable to the management of the Association's assets, organisation administration and compliance with constitutional and statutory requirements.

LOSSES ON INVESTMENT ASSETS

The loss of £2.88m represents the difference between the market value of our investment portfolios at the start and end of the financial year. Only a small part of this figure has actually been realised on investments sold. The much larger portion reflects unrealised losses.

Given the then impending redevelopment programme at Gilwell Park, the Trustees converted

£5m of investments into cash shortly before the start of the financial year. This proved beneficial in both limiting the level of realised losses in the investment portfolio and maximising interest income, pending actual payment for work carried out at Gilwell Park.

THE ASSOCIATION'S FUNDS

The Association's funds fell by £1.15m to £34.7m at the end of the year, with a net cash outflow of £1.4m. After excluding funds locked into Fixed Assets (£15.1m), Restricted and Endowment Funds (£5.9m) and funds retained in Subsidiaries (£1.5m), the Association's unencumbered funds amount to £12.2m. Of this total £2.6m has been set aside into Designated Funds to meet future calls on the Association's finances. These are to cover costs leading up to the 2007 Centenary and to provide grants towards attendance at future World Scout events, through the World Scout Fund set up from the net surplus arising on the 20th World Scout Jamboree.

SCOUT SHOPS LIMITED

The company recorded its best results in over 25 years of trading, producing operating profits of £1.3m after tax, of which £573,000 was covenanted to the Association and £755,000 applied against prior years' accumulated losses. The business succeeded across several fronts, with the far-reaching launch of the range of publications supporting the new youth programme, the promotion of The Queen's Jubilee badge, and the equipping of the UK contingent to the World Scout Jamboree. An eventful year concluded with the total destruction by fire of the company's shop in Edinburgh, the launch of a new range of own-brand products 'Escape', and the opening of a new branch in Northampton.

SCOUT INSURANCE (GUERNSEY) LIMITED

The Association's insurance captive returned an operating profit of £298,000 against £23,000 in 2002, to which must be added gains on investments of £114,000, reversing losses of £40,000 in the previous year. Following major changes in the liability programme the company's gross premium received from the Association

increased from £590,000 to £700,000, reflecting the greater risk that Scout Insurance (Guernsey) is underwriting on behalf of the Movement. Total Property and Equipment premium income also rose significantly. Rate increases were amongst the lowest in the market and resulted in a greater share of the total Scout property and equipment portfolio being underwritten.

The company continues to play an important role in providing the Association with a valuable insurance and risk management tool in an increasingly litigious society.

SCOUT SERVICES LIMITED

A transitional year for the fundraising and sponsorship department within Headquarters contributed to a lower return for the company, with net profits of £36,000 (2002 £121,000) being passed to the Association under a Deed of Covenant.

SCOUTING 2007

Scouting 2007 incurred costs of £407,000 in its first full year of operation and was in receipt of grants from the Association (£401,000), and from the European Scout Foundation (£57,000).

Scouting 2007 was incorporated as a company limited by guarantee on 10 November 2000, with The Scout Association as its sole member. The company is a registered charity and was established for the advancement of Scouting in the UK for the purpose of promoting the development of young people through the provision of a World Scout Jamboree in 2007, and other activities within the UK to commemorate 100 years of Scouting, together with the provision of activities worldwide.

THE SCOUT ASSOCIATION PENSION AND LIFE ASSURANCE SCHEME

The most recent full valuation of the Pension Scheme was carried out as at 31 March 2001 and an update for the purposes of FRS17 at 31 March 2003 shows an increase in the deficit from £0.4m at the beginning of the year to £5.55m at the balance sheet date.

The decline in both equity markets and in bond yields, a coincidence of events which occurs very

ANNUAL REPORT



infrequently, has given rise to this increased deficit and will require an increase in the Association's future contribution rate. A recovery in equity markets and/or a rise in bond yields would have a favourable impact and reduce the deficit and thereby lessen future contribution rate increases. The next full actuarial valuation is scheduled for 31 March 2004.

HEADQUARTERS MEMBERSHIP SUBSCRIPTION 2004

The Committee gave careful consideration to the Headquarters Membership Subscription for 2004. It took account of cost pressures and the latest five-year rolling forecast and, in the light of the information available, decided that the Headquarters Membership Subscription for 2004 be increased from £17 to £18 with a rebate of 50p for prompt payment.

FINANCIAL RESERVES POLICY

The Trustees agreed that general reserves should be held representing between six and twelve months' revenue expenditure, so as to take account of anticipated revenue projections as well as ensuring the provision of a suitable contingency to protect the continuity of business and services for the foreseeable future. Major capital and revenue projects will be funded by setting aside appropriate amounts into Designated Funds accordingly. It was agreed to review this policy annually.

At the balance sheet date the general funds of the Association stood at £9.52m. If the exceptional expenditure on the World Scout Jamboree of £5,71m is excluded the general funds balance would represent approximately seven months of its unrestricted resources expended at last years level of £15.46m.

INVESTMENT POLICY

The annual review of investment policy made no changes to the Association's performance objectives which remained:

- To maintain an optimum level of income tempered by the need for capital growth in order to safeguard future grant-making capacity
- To outperform benchmarks on a rolling three year basis.

Notwithstanding the decline in values over the past three years, the market value of investments continued to exceed historical cost at 31 March 2003.

RISK MANAGEMENT

The Trustees are responsible for preparing financial statements for each year which give a true and fair view of the Association's financial activities during the year and its financial position at the end of the year. They are responsible for keeping accounting records which disclose the financial position of the Association and to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The Association is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- The Association complies with relevant laws and regulations.

Systems of internal control are designed to provide reasonable, but not absolute, assurance against material mismanagement or loss. They include:

- An annual budget approved by the Trustees;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Association's key risks are reviewed on an ongoing process by senior management and through regular meetings of various sub-Committees. The Association has a comprehensive set of policies and rules applicable to the Movement which is routinely monitored both by senior volunteers and by staff employed across the UK. A comprehensive insurance service exists to ensure that all insurable risks are covered. The Records Department carries out checks on adults to safeguard the reputation of Scouting and to minimise risks of inappropriate persons being accepted into the Movement.



The Scout Association **ANNUAL REPORT**

The Association continues to develop a more comprehensive mechanism to identify, monitor, review and manage the major operational and business risks that it faces on a regular basis. It is recognised that the nature of the Association's work requires active acceptance and management of some risks in undertaking activities in order to achieve the Association's objectives.

ASSISTANCE AND GUIDANCE

Specialised guidance and advice has continued to be provided on lotteries, grants and other fundraising activities, as well as on VAT, charity trading and on charity accounting regulations. During the year the Association provided loans to

assist Groups, Districts, Counties and Areas to acquire or modernise local headquarters buildings, and made a series of grants from restricted funds to assist Scouting at local, national and international levels.

Derek M Twine
Chief Executive & Trustee
For the Committee of the Council
9 July 2003

The Scout Association

CONSOLIDATED FINANCIAL STATEMENTS

31 March 2003



CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2003



		2003			2002
	Notes	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000
INCOMING RESOURCES					
Membership subscriptions	3(c)	6,578	-	-	6,578
Donations, legacies and similar income	5(a)	500	212	-	712
Activities in furtherance of the Charity's objects	5(b)	10,404	-	-	10,404
Activities for generating funds	5(c)	20,226	-	-	20,226
Investment income	5(d)	625	698	-	1,323
TOTAL INCOMING RESOURCES		38,333	910	-	39,243
RESOURCES EXPENDED					
Costs of generating funds	6(a)	18,201	-	-	18,201
Charitable expenditure					
Activities in furtherance of the Charity's objects	6(b)	16,565	790	-	17,355
Support costs	6(c)	1,500	-	-	1,500
Management and administration	6(d)	459	-	-	459
TOTAL RESOURCES EXPENDED		36,725	790	-	37,515
NET INCOMING RESOURCES BEFORE TRANSFERS		1,608	120	-	1,728
Transfers between funds		123	(123)	-	-
NET INCOMING RESOURCES		1,731	(3)	-	1,728
Net (losses) on investment assets	3(e)	(1,527)	(1,136)	(217)	(2,880)
NET MOVEMENT IN FUNDS	8	204	(1,139)	(217)	(1,152)
Fund balances brought forward at 1 April 2002		28,617	6,455	814	35,886
FUND BALANCES CARRIED FORWARD AT 31 MARCH 2003	15	28,821	5,316	597	34,734

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2003



		2003			2002	
	Notes	Unrestricted £'000	Restricted £'000	Endowment £'000	Total £'000	Total £'000
INCOMING RESOURCES						
Membership subscriptions	3(c)	6,578	-	-	6,578	6,755
Donations, legacies and similar income	5(a)	1,056	212	-	1,268	3,107
Activities in furtherance of the Charity's objects	5(b)	9,758	-	-	9,758	2,794
Activities for generating funds	5(c)	4,118	-	-	4,118	3,661
Investment income	5(d)	922	698	-	1,620	1,751
TOTAL INCOMING RESOURCES		22,432	910	-	23,342	18,068
RESOURCES EXPENDED						
Costs of generating funds	6(a)	2,972	-	-	2,972	3,927
Charitable expenditure						
Activities in furtherance of the Charity's objects	6(b)	16,247	790	-	17,037	9,533
Support costs	6(c)	1,500	-	-	1,500	1,265
Management and administration	6(d)	459	-	-	459	469
TOTAL RESOURCES EXPENDED		21,178	790	-	21,968	15,194
NET INCOMING RESOURCES BEFORE TRANSFERS						
		1,254	120	-	1,374	2,874
Transfers between funds		123	(123)	-	-	-
NET INCOMING RESOURCES		1,377	(3)	-	1,374	2,874
Net (losses) on investment assets	3(e)	(1,641)	(1,136)	(217)	(2,994)	(1,381)
NET MOVEMENT IN FUNDS	8	(264)	(1,139)	(217)	(1,620)	1,493
Fund balances brought forward at 1 April 2002		27,493	6,455	814	34,762	33,269
FUND BALANCES CARRIED FORWARD AT 31 MARCH 2003	15	27,229	5,316	597	33,142	34,762

The Scout Association
**BALANCE
SHEETS**
as at 31 March 2003



		<u>CONSOLIDATED</u>		<u>THE ASSOCIATION</u>	
	<u>Notes</u>	<u>2003</u> £'000	<u>2002</u> £'000	<u>2003</u> £'000	<u>2002</u> £'000
FIXED ASSETS					
Tangible fixed assets	9	15,489	11,623	15,075	11,190
Investment in subsidiary companies	10	-	-	750	100
Investments	11	12,829	15,715	9,451	12,446
		28,318	27,338	25,276	23,736
CURRENT ASSETS					
Stocks	12	3,396	4,171	322	918
Debtors	13	4,790	5,190	4,360	4,901
Short term deposits		11,642	12,847	10,510	12,058
Bank and cash balances		5,503	5,707	6,749	8,557
		25,331	27,915	21,941	26,434
CURRENT LIABILITIES					
Creditors	14	(16,752)	(17,453)	(14,075)	(15,408)
NET CURRENT ASSETS		8,579	10,462	7,866	11,026
TOTAL ASSETS LESS CURRENT LIABILITIES		36,897	37,800	33,142	34,762
CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(2,163)	(1,914)	-	-
		34,734	35,886	33,142	34,762
Represented by:					
THE ASSOCIATION'S FUNDS					
Unrestricted Funds	15(a)				
General Funds		9,580	9,477	9,523	8,722
Designated Funds	15(b)	17,706	18,771	17,706	18,771
Non charitable trading funds	10	1,535	369	-	-
Restricted Funds	15(c)	5,316	6,455	5,316	6,455
Endowment Funds	15(d)	597	814	597	814
		34,734	35,886	33,142	34,762

Approved by the Committee of the Council on 9 July 2003 and signed on its behalf by:

J.J. Asplin, Chairman, Committee of the Council

J.R.K. Emly, Treasurer

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2003



	<u>2003</u> £'000	<u>2002</u> £'000
Reconciliation of net movement in funds to net cash inflow from operating activities		
Net movement in funds	(1,152)	1,485
Investment income	(1,323)	(1,380)
Depreciation	1,403	1,145
Pension Scheme credit	-	(660)
Net losses on investment assets	2,880	1,414
Surplus on disposal of tangible fixed assets	(26)	(103)
Decrease (increase) in stocks	775	(1,938)
Decrease (increase) in debtors	400	(306)
(Decrease) increase in creditors	(664)	2,147
Increase (decrease) in creditors due after more than one year	249	(88)
Net cash inflow from operating activities	2,542	1,716
CASH FLOW STATEMENT		
Net cash inflow from operating activities	2,542	1,716
Returns on investments	1,323	1,380
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(5,282)	(1,520)
Receipts from sale of tangible fixed assets	39	103
Net disposals of fixed asset investments	6	2,340
	(5,237)	923
Financing		
Hire purchase	(37)	(40)
(Decrease) increase in cash	(1,409)	3,979

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

1. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH

	<u>2003</u> £'000	<u>2002</u> £'000
(Decrease) increase in cash	(204)	2,163
(Decrease) increase in short term deposits	(1,205)	1,816
Movement in cash in the period	(1,409)	3,979

2. ANALYSIS OF CASH

	At 1 April <u>2002</u> £'000	Cash Flow £'000	At 31 March <u>2003</u> £'000
Cash in hand and at bank	5,707	(204)	5,503
Short term deposits	12,847	(1,205)	11,642
	18,554	(1,409)	17,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



For the year ended 31 March 2003

1. CONSTITUTION

The Scout Association is incorporated by Royal Charter and is a registered charity whose purpose is to promote the development of young people in achieving their full physical, intellectual, social and spiritual potentials, as individuals, as responsible citizens and as members of their local, national and international communities.

2. SCOPE OF THE FINANCIAL STATEMENTS

These financial statements cover the activities directly controlled by The Scout Association. The activities of the Scout Councils of Northern Ireland, Scotland and Wales together with Scout Counties, Districts and Groups are not reflected in these financial statements. These bodies are separate autonomous charities which are affiliated to The Scout Association.

3. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" except as described in note 14.

(a) Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments.

(b) Basis of preparation of consolidated financial statements

The financial statements consolidate the financial statements of The Scout Association and its subsidiary companies. The financial statements of Scout Shops Limited are made up to 31 January 2003 and all other entities to 31 March 2003.

The Balance Sheets and Profit and Loss accounts of the subsidiaries have been consolidated on a line by line basis as required by the Statement of Recommended Practice.

(c) Recognition of income

Membership subscriptions

Membership subscriptions are payable in advance for a year ended 31 March. The amount receivable for the year ended 31 March 2003 is shown in the Statement of Financial Activities.

Investment income

Dividends are accounted for on a receipts basis. Interest is accounted for on an accruals basis and includes all amounts

earned up to 31 March 2003. Associated tax recoveries are included for all amounts shown as income.

Legacies

Legacies are accounted for on a receivable basis as the Charity becomes entitled to the resource. This occurs when the Charity becomes reasonably certain that the legacy will be received and the value of the incoming resources can be measured with sufficient reliability and all conditions associated with payment have been fulfilled. No significant legacies have been notified but not yet received. Where legacies include non cash items these are included in income at the lower of probate value or market value at the date of receipt.

(d) Allocation of income and costs

Activities in furtherance of the Charity's objects

This comprises income and expenditure from the provision of services supporting the objects of the Association through operations including the Information Centre, insurance services and SCOUTING Magazine as well as the National Campsite and Hawkthirst Adventure Centre. A percentage of accommodation and training fees receivable at Baden-Powell House and the Gilwell Conference Centre are also included under this heading. The percentages used in respect of these two sites are 60% and 80% respectively. The remaining income from Baden-Powell House and the Gilwell Conference Centre is included in Activities for Generating Funds.

Activities for generating funds

This comprises income and expenditure from Scout Shops Limited and Scout Services Limited and from commercial activity carried out at Baden-Powell House and the Gilwell Conference Centre. Expenditure in this category also includes fundraising costs and related support costs.

Support costs

This comprises costs incurred directly in support of the objects of the Charity.

Management and administration

This comprises costs attributable to the management of the Charity's assets, organisation administration and compliance with constitutional and statutory requirements.

Method of apportionment

Wherever possible items of expenditure are allocated to specific cost categories. Items of expenditure involving

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2003



more than one category are allocated based on a reasonable estimate of staff resources or are apportioned in accordance with the split of incoming resources. The only material apportionment relates to the split of activities at Baden-Powell House and the Gilwell Conference Centre between activities in furtherance of the Charity's objects and activities for generating funds as noted above.

(e) Fixed assets

The cost of acquiring fixed assets used for charitable purposes is capitalised and depreciation is calculated to write off the cost of assets brought into use at the Balance Sheet date on a straight line basis over their estimated useful lives.

In the case of freehold buildings the useful life is normally taken as 50 years. Where land and buildings were acquired together it has been assumed that the buildings represent 50% of the initial cost of freehold properties. No depreciation is provided on freehold land.

Gains or losses on the disposal of fixed assets held for charitable use are reflected in Net Incoming Resources before Transfers shown in the Statement of Financial Activities.

Fixed assets held for investment purposes are stated at market value on the Balance Sheet date. Any gains or losses on the disposal or revaluation of investment assets are shown as Net Gains or Losses on Investment Assets.

(f) Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost, using the first-in-first-out basis, consists of the original cost of goods without any addition for overheads.

(g) VAT

The Association is partially exempt for VAT purposes and is not able to reclaim all the VAT it pays. It is not practicable to allocate irrecoverable VAT to the expenses and assets concerned, and irrecoverable VAT is normally written off. For large acquisitions of property, irrecoverable VAT is added to the capital cost.

(h) Leases

Significant assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight-line basis over the shorter of the lease term and the useful life of the asset.

Rentals payable are apportioned between the finance charge

and a reduction of the outstanding obligations.

All other leases have been treated as operating leases and the rentals written off as they are paid because of the insignificant amounts involved.

(i) Pension costs

The expected cost of providing pensions under defined benefit schemes, as calculated periodically by professionally qualified actuaries, is charged to the Statement of Financial Activities, so as to spread the cost of pensions over employees' working lives with the Charity, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Contributions towards personal pension policies, which are defined contribution schemes, are charged to the Statement of Financial Activities as they are incurred.

(j) Grants payable

Grants payable are included in the Statement of Financial Activities as expenditure in the period in which the award is made. Grants which have been approved by the Trustees and agreed with other organisations but which are unpaid at the year end are accrued. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued.

4. NATURE OF FUNDS

Following the requirements of the Statement of Recommended Practice all Funds have been identified as falling into one of three categories.

(a) Endowment Funds

Endowment Funds are those received to be held as capital with only the income available to be spent. Subsequent gains or losses on the disposal of the underlying assets of the fund become part of the capital.

(b) Restricted Funds

Restricted Funds are those received which have been earmarked for a special purpose by the donor or the terms of an appeal.

(c) Unrestricted Funds

Unrestricted Funds are those received, which are not subject to any special restriction. They are divided between General Funds and Designated Funds. Designated Funds comprise amounts set aside by the Committee of the Council to be used for particular purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2003



5. INCOMING RESOURCES

(a) Donations, legacies & similar income

	CONSOLIDATED		THE ASSOCIATION	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Funds transferred from The Scout Foundation	-	2,528	-	2,528
Grants	183	130	126	130
All other income	529	328	1,142	449
	712	2,986	1,268	3,107

Funds were transferred into the Association following the closure of The Scout Foundation on 30 September 2001.

(b) Activities in furtherance of the Charity's objects

	CONSOLIDATED		THE ASSOCIATION	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Camping, training & accommodation charges	2,498	1,626	2,498	1,626
World Scout Jamboree participant fees	6,156	-	6,156	-
Information Centre charges	245	181	245	181
Insurance commissions	1,062	1,271	416	587
SCOUTING Magazine sales	417	381	417	381
Surplus on disposal of assets	26	19	26	19
	10,404	3,478	9,758	2,794

(c) Activities for generating funds

	CONSOLIDATED		THE ASSOCIATION	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Retail sales	19,525	14,700	-	-
Management charges	-	-	3,464	2,995
Hostel and conference income	604	621	604	621
Sponsorship and promotions	97	176	50	45
	20,226	15,497	4,118	3,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2003



(d) Investment income

	CONSOLIDATED		THE ASSOCIATION	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Quoted investments	338	394	338	394
Short Term Investment Service	516	437	516	437
Other deposit interest	434	520	632	791
Rental income	35	29	134	129
	1,323	1,380	1,620	1,751

6. RESOURCES EXPENDED

(a) Costs of generating funds

	CONSOLIDATED		THE ASSOCIATION	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Retail operating costs	17,209	14,288	2,748	2,995
Hostel and conference expenditure	543	597	543	597
Sponsorship and promotions	87	77	74	67
Support costs	362	268	362	268
Release of provision	-	-	(755)	-
	18,201	15,230	2,972	3,927

(b) Costs of activities in furtherance

of the Charity's objects

	CONSOLIDATED		THE ASSOCIATION	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Camping and accommodation costs	2,653	2,240	2,653	2,240
Programme and training activities	1,943	1,891	1,943	1,891
Development and Child Protection services	1,405	1,285	1,405	1,285
World and European membership fees	364	421	364	421
World Scout Jamboree expenses	5,713	218	5,713	218
Records and awards	316	263	316	263
Membership services	246	-	246	-
Information Centre	420	387	420	387
Insurance	3,007	2,381	2,288	1,681
SCOUTING Magazine	458	468	458	468
Short Term Investment Service interest	460	401	460	401
Grants payable	370	278	771	278
	17,355	10,233	17,037	9,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



For the year ended 31 March 2003

6. RESOURCES EXPENDED (continued)

(c) Support costs

	CONSOLIDATED		THE ASSOCIATION	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Accounting, legal and IS support	450	412	450	412
General overheads	588	507	588	507
Central administration	462	346	462	346
	1,500	1,265	1,500	1,265

(d) Management and administration

	CONSOLIDATED		THE ASSOCIATION	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Management and administration includes:				
Auditor's remuneration:				
Audit fees	77	73	43	44
Other	31	33	17	8
Trustees' expenses reimbursed	35	30	35	30

During the year 22 (2002: 24) Trustees were reimbursed for part of their out of pocket expenses arising from attending meetings and carrying out their duties. The Association provided accommodation for the Chief Scout and others while they were on Scout business. Travel expenses were also paid, including the provision of a car for the Chief Scout.

7. STAFF COSTS

	CONSOLIDATED		THE ASSOCIATION	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Wages and salaries	6,193	5,536	5,996	5,536
Social security costs	540	481	521	481
Other pension costs	648	640	634	640
	7,381	6,657	7,151	6,657

The average number of persons employed during the year was 424 (2002: 421). Of these, 5 (2002 nil) were employed by subsidiary companies, and the remainder by the Association, including those staff allocated to Scout Shops Limited. The total includes a number of people who are employed on a casual basis.

The numbers of employees whose total emoluments for the year exceeded £50,000 were as follows:

	2003	2002
£50,001 to £60,000	1	2
£60,001 to £70,000	3	1
£70,001 to £80,000	1	-
£80,001 to £90,000	-	1
£90,001 to £100,000	1	-
£130,001 to £140,000	1	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



For the year ended 31 March 2003

The Chief Executive is a member of the Committee of the Council. The Chief Executive received remuneration and benefits for his service in that office which amounted to £94,343 (2002: £83,658).

The Managing Director of Scout Shops Limited received total emoluments which amounted to £133,232 (2002: £45,294) including a performance related bonus.

Pension Schemes

The Association operates a pension scheme providing benefits based on final pensionable salaries. The scheme is funded with the assets being held by the pension scheme's Trustees separately from the assets of the Association. The pension costs are assessed by a qualified actuary and are charged to the Statement of Financial Activities so as to spread those costs over the employees' working lives with the Association.

The Scheme was closed to new members in the year ended 31 March 2001.

The most recent full valuation of the Scheme was carried out as at 31 March 2001 and the Attached Age method was used. The Scheme's assets and liabilities are valued in accordance with section 56(3) of the Pensions Act 1995, the Occupational Pension Scheme (Minimum Funding Requirements and Actuarial Valuations) Regulations 1996 and the mandatory guidelines on minimum funding requirement (GN27),

prepared and published by the Institute of Actuaries and the Faculty of Actuaries.

The market value of the assets of the Scheme as at 31 March 2001 was £18.4m and the actuarial value of those assets represented 94% of the value of the benefits that had accrued to members, after allowing for expected future increases in salaries.

The Association contributed £593,000 (2002: £617,000) to the Scheme, which was 21.9% (2002: 22.9%) of pensionable salaries.

For the purposes of FRS17 the most recent full valuation has been updated to 31 March 2003 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):-

	2003	2002
Rate of increase in salaries	4.10%	4.25%
Rate of increase in pension payment*	2.55%	2.75%
Discount rate	5.40%	6.00%
Inflation assumption	2.60%	2.80%
*Pension increases in payment		
Pre 1 April 2000 pensions	5.00%	5.00%
Post 31 March 2000 pensions	2.55%	2.75%

The assets in the scheme and the expected rate of return were:

	2003	2003	2002	2002
		£'000		£'000
Equities	7.50%	6,428	8.25%	11,486
Bonds/Gilts	4.50%	8,860	5.25%	6,402
Cash	3.75%	740	4.50%	942
		<hr/>		<hr/>
Total market value of assets		16,028		18,830
Actuarial value of liability		(21,583)		(19,262)
		<hr/>		<hr/>
Recoverable (deficit) in the scheme		(5,555)		(432)
Related deferred tax asset/(liability)		-		-
		<hr/>		<hr/>
Net pension (liability)		(5,555)		(432)
		<hr/>		<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



For the year ended 31 March 2003

Pension Schemes (continued)

	2003 £'000	2003 £'000
Analysis of the amount charged to net movement in funds:		
Service cost	456	
Past service cost	-	
Total operating charge	456	
		Movement in deficit during the year:
		Deficit in scheme at beginning of year (432)
		Movement in year:
		(Current service cost) (456)
		Contributions 593
		(Past service costs) -
		Net return on assets/(interest cost) 174
		Actuarial gain/(loss) (5,434)
		Deficit in scheme at end of year (5,555)
Analysis of net return on pension scheme:		
Expected return on pension scheme assets	1,321	
Interest on pension liabilities	(1,147)	
Net return	174	
		The Association also contributed £54,800 (2002: £23,400) towards individual defined contribution personal pension schemes for certain employees.
		8. NET MOVEMENT IN FUNDS
Analysis of amount not recognised in statement of financial activities (SOFA):		The net movement in Funds arises as follows:
Actual return less expected return on assets	(3,974)	<u>2003</u> <u>2002</u>
Changes in assumptions	(1,460)	£'000 £'000
		The Scout Association (2,374) 1,493
		Subsidiaries 1,222 (8)
Actuarial gain/(loss) not recognised in SOFA	(5,434)	<u>(1,152)</u> <u>1,485</u>
Adjustment due to surplus cap	-	
Net gain/(loss) not recognised	(5,434)	
		The Association movement for 2003 includes the release of a £755,000 provision against Scout Shops Limited, which is eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



For the year ended 31 March 2003

9. TANGIBLE FIXED ASSETS

	Freehold Property £'000	Leasehold Property £'000	Fittings and Equipment £'000	Furniture, Motor Vehicles £'000	Total £'000
CONSOLIDATED					
COST					
At 1 April 2002	10,097	1,336	5,512	860	17,805
Additions	4,510	24	466	282	5,282
Disposals	-	-	(58)	(203)	(261)
At 31 March 2003	14,607	1,360	5,920	939	22,826
DEPRECIATION					
At 1 April 2002	1,636	773	3,203	570	6,182
Charge for the year	181	26	1,014	182	1,403
Eliminated on disposals	-	-	(58)	(190)	(248)
At 31 March 2003	1,817	799	4,159	562	7,337
NET BOOK VALUES					
At 31 March 2003	12,790	561	1,761	377	15,489
At 31 March 2002	8,461	563	2,309	290	11,623
THE ASSOCIATION					
COST					
At 1 April 2002	10,097	1,336	4,388	693	16,514
Additions	4,510	24	369	205	5,108
Disposals	-	-	(58)	(153)	(211)
At 31 March 2003	14,607	1,360	4,699	745	21,411
DEPRECIATION					
At 1 April 2002	1,636	773	2,453	462	5,324
Charge for the year	181	26	868	144	1,219
Eliminated on disposals	-	-	(58)	(149)	(207)
At 31 March 2003	1,817	799	3,263	457	6,336
NET BOOK VALUES					
At 31 March 2003	12,790	561	1,436	288	15,075
At 31 March 2002	8,461	563	1,935	231	11,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



For the year ended 31 March 2003

9. TANGIBLE FIXED ASSETS (continued)

The net book value of tangible fixed assets used for charitable purposes is £13,821,000 (2002:£10,114,000). Other assets are used in trading by subsidiaries.

Depreciation rates are as follows:

Freehold Property	2% - 10% per annum (see note 3(e))
Leasehold Property	Over the period of the leases or useful economic life if shorter.
Furniture, Fittings and Equipment including Software	10% - 100% per annum
Motor Vehicles	25% per annum

10. INVESTMENT IN SUBSIDIARY COMPANIES

	<u>2003</u> £'000	<u>2002</u> £'000
Cost		
Cost of shares	302	302
Loan account	450	450
	<u>752</u>	<u>752</u>

Provision for diminution in value

Balance at 1 April 2002	652	652
Release of provision in the year	(650)	-
Balance at 31 March 2003	<u>2</u>	<u>652</u>
Net investment in subsidiaries	<u>750</u>	<u>100</u>

The Association owns 100% of the following unlisted companies:

	<u>Country of incorporation</u>	<u>Issued share capital</u>
Scout Shops Limited	England	£200,000
Scout Insurance (Guernsey) Limited	Guernsey	£100,000
Scout Services Limited	England	£100
The Award Series Limited (dormant)	England	£2
Scouting 2007	England	£1

Scout Services Limited and Scout Shops Limited have entered into deeds of covenant under which they pay a proportion of their otherwise taxable profits to the Association each year. In the case of Scout Services Limited the proportion is 100% and in the case of Scout Shops Limited 85%.

The provision against the investment in, and amounts due from, Scout Shops Limited was released during the year. The provision had been made up of £650,000 against the investment and £105,000 against amounts due from Scout Shops Limited shown in debtors.

Scoutways Limited was dissolved on 29 October 2002, having been dormant until that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



For the year ended 31 March 2003

The summarised profit and loss accounts for the active trading subsidiary companies, and summarised statement of financial activities of the charitable subsidiary Scouting 2007, are shown below:-

	2003				2002	
	Scout Shops Limited £'000	Scout Insurance (Guernsey) Limited £'000	Scout Services Limited £'000	Scouting 2007 £'000	Total £'000	Total £'000
Gross profit	8,863	346	97	-	9,306	6,416
Other incoming resources	-	-	-	464	464	-
Other income	174	-	-	-	174	155
Other costs and expenses	(7,686)	(48)	(61)	(407)	(8,202)	(6,418)
Surplus before taxation	1,351	298	36	57	1,742	153
Taxation	(25)	-	-	-	(25)	-
Covenant to the Association	1,326 (573)	298 -	36 (36)	57 -	1,717 (609)	153 (121)
Net surplus	753	298	-	57	1,108	32
Net gain (loss) on investments	-	114	-	-	114	(40)
Retained surplus (deficit)	753	412	-	57	1,222	(8)
Shareholders' funds						
Share capital	200	100	-	-	300	300
Reserves	6	1,529	(2)	57	1,590	369
	206	1,629	(2)	57	1,890	669

Scouting 2007 is a charitable company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



For the year ended 31 March 2003

11. FIXED ASSET INVESTMENTS QUOTED INVESTMENTS

CONSOLIDATED	<u>2003</u> £'000	<u>2002</u> £'000
Market value at 1 April 2002	15,715	19,469
Less: Disposals at opening value	(1,232)	(12,637)
Add: Acquisitions at cost	1,089	9,431
Net (losses) on revaluation at 31 March 2003	(2,743)	(548)
Market value at 31 March 2003	12,829	15,715
Historical cost at 31 March 2003	12,347	13,914
THE ASSOCIATION		
Market value at 1 April 2002	12,446	17,169
Less: Disposals at opening value	(972)	(12,637)
Add: Acquisitions at cost	845	8,422
Net (losses) on revaluation at 31 March 2003	(2,868)	(508)
Market value at 31 March 2003	9,451	12,446
Historical cost at 31 March 2003	9,043	7,383

Included in quoted investments are amounts of £3,214,876, £1,653,490 and £980,009 invested in each of the Cazenove Growth Trust for Charities, the Cazenove Income Trust for Charities and the Cazenove Global Opportunity Fund (2002: £4,148,075, £1,800,127 and £892,191 invested in each of the Cazenove Growth Trust for Charities, the Cazenove Income Trust for Charities and the Cazenove North American Fund) and an amount of £2,829,000 (2002: £3,862,000) invested in units in The Scout and Guide Trust Fund.

12. STOCKS

	<u>CONSOLIDATED</u>		<u>THE ASSOCIATION</u>	
	<u>2003</u> £'000	<u>2002</u> £'000	<u>2003</u> £'000	<u>2002</u> £'000
Goods for resale	3,396	4,171	322	918

13. DEBTORS

	<u>CONSOLIDATED</u>		<u>THE ASSOCIATION</u>	
	<u>2003</u> £'000	<u>2002</u> £'000	<u>2003</u> £'000	<u>2002</u> £'000
Trade debtors	1,069	994	179	260
Amounts owed by subsidiaries	-	-	1,808	2,289
Other debtors	3,721	4,196	2,373	2,352
	4,790	5,190	4,360	4,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



For the year ended 31 March 2003

14. CREDITORS

	CONSOLIDATED		THE ASSOCIATION	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Deposits by Scout Groups in the				
Short Term Investment Service	9,527	9,189	9,527	9,189
Instalments on hire purchase agreements	25	62	-	-
Trade creditors	2,606	1,181	1,651	815
Amounts owed to subsidiaries	-	-	283	716
Other creditors	4,594	7,021	2,614	4,688
	16,752	17,453	14,075	15,408
Amounts falling due after more than one year:				
Insurance fund	2,163	1,914	-	-

The Insurance fund is a provision made in the financial statements of Scout Insurance (Guernsey) Limited against future claims. Under the terms of Financial Reporting Standard 12 this amount should not be treated as a provision by a non-insurance entity. The Trustees consider that, in order to give a true and fair view, it is necessary for the Association to show this under long-term creditors following the view taken by the directors of Scout Insurance (Guernsey) Limited.

If this treatment had not been adopted, income for the year would have been increased by £249,000 (2002: decreased by £88,000) and reserves would have been increased by £2,163,000 (2002: £1,914,000).

Deposits by Scout Groups in the Short Term Investment Service are held in an escrow account.

15. FUND BALANCES

(a) UNRESTRICTED FUNDS

	CONSOLIDATED		THE ASSOCIATION	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
General	9,580	9,477	9,523	8,722
Designated	17,706	18,771	17,706	18,771
Non-charitable trading	1,535	369	-	-
	28,821	28,617	27,229	27,493

(b) DESIGNATED FUNDS

	Fixed Assets	Scouting	World Scout	National	Total
	£'000	2007	Events	Campsite	£'000
	£'000	£'000	£'000	£'000	£'000
Balance 1 April 2002	11,623	2,852	(218)	4,514	18,771
Expended in year	-	(401)	443	(74)	(32)
Transfer between funds	4,496	-	-	(4,496)	-
Transfer (to) from General Funds	(1,044)	-	(45)	56	(1,033)
Balance 31 March 2003	15,075	2,451	180	-	17,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



For the year ended 31 March 2003

The fixed asset fund is set aside to show the amount invested in tangible fixed assets as this is not available to be used for revenue expenditure. The other funds are set aside to meet future calls on the Association's finances.

The World Scout Events Fund was set up to monitor the outcome of the World Scout Jamboree project, and will be used to provide grants to participants in similar events in the future.

(c) RESTRICTED FUNDS

Restricted funds include income received by and paid from the Short Term Investment Service and 52 (2002:51) funds administered by the Association	Balance 1 April 2002 £'000	Net income £'000	Investment Revaluation £'000	Balance 31 March 2003 £'000
Development Grants Fund	2,289	(75)	(305)	1,909
Whitehead Bequest	1,008	-	(269)	739
King George VI Leadership Fund	641	(5)	(145)	491
G Weston Campsite Fund	279	9	-	288
International Friendship Fund	274	7	(62)	219
Brotherhood Fund	230	(6)	(26)	198
HS Richards Charity for Scouts	246	7	(64)	189
Treloar Fund	226	(24)	(55)	147
All other funds	1,262	84	(210)	1,136
	6,455	(3)	(1,136)	5,316

(d) ENDOWMENT FUNDS

The income is unrestricted and passed to General Funds.

(e) ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Unrestricted £'000	Endowment Funds £'000	Funds £'000	Total £'000
Fund balances at 31 March 2003 are represented by:				
Tangible fixed assets	15,489	-	-	15,489
Investments	8,457	3,775	597	12,829
Current assets	23,790	1,541	-	25,331
Current liabilities	(16,752)	-	-	(16,752)
Long term liabilities	(2,163)	-	-	(2,163)
	28,821	5,316	597	34,734

16. OTHER FINANCIAL COMMITMENTS

At 31 March 2003 the group was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2004:-

	Land and buildings	
	2003 £'000	2002 £'000
Operating leases which expire:		
Within one year	127	91
Between one and five years	205	149
Over five years	741	829
	1,073	1,069

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE SCOUT ASSOCIATION

For the year ended 31 March 2003

We have audited the financial statements on pages 22 to 38 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 26 to 27.

This report is made solely to the trustees, as a body, in accordance with the Charities Act 1993. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in our auditor's report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and auditors

Charity law 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 results for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities Act 1993. 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards. We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not

consistent with the financial statements, if the Charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the Charity is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming an opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of The Scout Association and the Group's state of affairs as at 31 March 2003 and of their incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

CHARTERED ACCOUNTANTS and Registered Auditors

Mazars
Times House
Throwley Way
Sutton
Surrey SM1 4JQ

9 July 2003

COMMITTEE STRUCTURE AND MEMBERSHIP

April 2002 - March 2003

FOUNDER

Robert Baden-Powell, OM,
First Baron Baden-Powell of
Gilwell

PATRON

Her Majesty The Queen

PRESIDENT

His Royal Highness The Duke of
Kent, KG, GCMG, GCVO

VICE-PRESIDENTS

The Rt. Hon. The Earl of Airlie,
KT, GCVO, PC
The Lord Baden-Powell
John Beresford CBE
The Hon. Mrs. Betty Clay, CBE
Sir William Gladstone, KG, Bt, JP
Lt Col Bill Hall OBE TD DL
Garth Morrison, CBE, Lord
Lieutenant of East Lothian
Major-General Michael Walsh,
CB, CBE, DSO, DL

THE COMMITTEE OF THE COUNCIL

ELECTED MEMBERS (VOTING)

Alex Alexander [2002 - 2005]
John Asplin [2000-2003]
Robert Brook [2000 - 2003]
Wayne Bulpitt [2001 - 2004]
Richard Butler [2001 - 2004]
Chris Creelman [2002 – 2005]
Marylyn Evans [2000 – 2003]
Martin Gerrard [2001 - 2004]
Sandy Jack [2000 – 2003]
Neil Leatherland [2002-2005]
John May [2002 - 2005]
Craig Symonds [2001 – 2004]
Victor Thys [2001 - 2004]
Andrew Wellbeloved [2000 -
2003]
Daniel Wood [2002 - 2005]

EX-OFFICIO MEMBERS (VOTING)

George Purdy CBE, Chief Scout
Peter Barnes, Chief Commissioner
of England
Paul Brenham, MBE, DL, Chief
Commissioner of England
David Bull, International
Commissioner
John Emly, Treasurer
Stuart Little, Chief Commissioner
of England
Andy Matthew JP, Chief
Commissioner of Scotland
Peter Nicol, Chief Commissioner
of England
Philip Scott, Chief Commissioner
of Northern Ireland
Derek Twine, Chief Executive
Roy Whittington DL, Chief
Commissioner of Wales

RIGHT OF ATTENDANCE (NON-VOTING)

County and Area Commissioners
National Commissioners
The Scout Association Adviser for
Religious Development

INVITED TO ATTEND (NON-VOTING)

The Chief Guide, GirlguidingUK
John Fogg, Director of
Communications
David McCarthy, Director of
Finance
Stephen Peck, Director of
Programme and
Development
Dr Derek Pollard OBE, Chairman
Scouting 2007
David Shelmerdine, The Secretary

EXECUTIVE COMMITTEE

** indicates Member of the
Committee of the Council*

MEMBERS (VOTING)

Chairman, Committee of the
Council [Chairman] *
Chairman, Finance sub-
Committee *
Chairman, General Purposes
sub-Committee *
Chairman, Programme &
Development sub-
Committee *
Chief Executive *
Chief Scout *
Treasurer *

MEMBERS (NON- VOTING)

Director of Communications
Director of Finance
Director of Programme &
Development
The Secretary

RIGHT OF ATTENDANCE (NON-VOTING)

Members of Committee of the
Council

CHIEF SCOUT'S COMMITTEE

** indicates Member of the
Committee of the Council*

MEMBERS (VOTING)

Chief Scout [Chairman] *
Chairman, Committee of the
Council *
Chief Commissioners *
Chief Executive *
International Commissioner *

COMMITTEE STRUCTURE AND MEMBERSHIP

April 2002 - March 2003

SUB-COMMITTEES OF THE COMMITTEE OF THE COUNCIL

** indicates Member of the
Committee of the Council*

FINANCE SUB- COMMITTEE

MEMBERS (VOTING)

Peter Brierely [from Mar 2003]
Robert Brook *
Wayne Bulpitt [Chairman from
Sep 2001] *
Richard Butler *
Simon Cook
John Emly *
Rodney Galpin
Hamish Gillon
John Hickman
Sandy Jack *
David McCarthy [Secretary]
Roger Moore
Dr Derek Pollard OBE

RIGHT OF ATTENDANCE (NON-VOTING)

Chairman of the Committee of
the Council *
Chief Scout *
Chief Executive *

INVITED TO ATTEND (NON-VOTING)

Managing Director, Scout Shops
Ltd.
Managing Director, Scouting
2007
Representative of the Scottish
Scout Council

GENERAL PURPOSES SUB- COMMITTEE MEMBERS (VOTING)

Paul Barber
John Fogg
Martin Gerrard *
Neil Leatherland
Martin Payne
Ben Richardson
Ray Salisbury
Roger Sands
David Shelmerdine [Secretary]
Craig Symonds *
Victor Thys [Chairman] *
Andrew Wellbeloved *

RIGHT OF ATTENDANCE (NON-VOTING)

Chairman of the Committee of
the Council *
Chief Scout *
Chief Executive *

PROGRAMME & DEVELOPMENT SUB-COMMITTEE

MEMBERS (VOTING)

Alex Alexander *
Colin Coleman
Graham Coulson [from Jan
2003]
Chris Creelman *
Joanna Danbury
Marylyn Evans *
John May [Chairman] *
Stephen Peck [Secretary]
Fr. John Seddon
Roger Starr
Richard Wade
Daniel Wood *

RIGHT OF ATTENDANCE (NON-VOTING)

Chairman of the Committee of
the Council *
Chief Scout *
Chief Executive *
National Commissioners

INVITED TO ATTEND (NON-VOTING)

Representative, Northern
Ireland Scout Council
Representative, Welsh Scout
Council
Representative, Scottish Scout
Council

The Scout Association

CENSUS OF MEMBERSHIP

For the year ended 31 March 2003

YOUTH MEMBERSHIP

Beaver Scouts	100,751
Cub Scouts	142,526
Scouts	101,376
Explorer Scouts	15,292
Venture Scouts	8,709
Scout Network *	1,474

Total Youth Membership 370,128

** All Members of the Movement aged 18-25 years are automatically Scout Network members. The number above reflects only those who are not recorded elsewhere eg as Leaders.*

LEADERSHIP

Section Leaders	49,183
Group Helpers & Skills Instructors	14,762
Group Scout Leaders	5,610
District Skills Instructors & Advisers	784
District Scouters	1,158
County Skills Instructors & Advisers	473
County Scouters	213
Commissioners	3,931

Total Leadership 76,114

ORGANISATIONAL SUPPORT

District Administrators	1,312
District Officer Bearers	2,214
County Administrators	239
County Office Bearers	297
Scout Fellowship	8,691
Members & Associate Members	2,990

Total Organisational Support 15,743

Total Membership 461,985

Beaver Scout Colonies	7,039
Cub Scout Packs	8,688
Scout Troops	7,094
Explorer Scout Units	1,224
Venture Scout Units	1,278
Scout Networks	153
Scout Fellowships	812

Scout Groups	8,209
Scout Districts	902
Scout Counties and Areas	115

The Scout Association

PARTNERS

The Scout Association is pleased to record its thanks to the following, who have generously assisted its work with young people during the past year:

- British Nuclear Fuels Ltd
- British Meat
- Corporation of Trinity House
- Department for Education & Skills
- English Heritage
- Environment Agency
- Eurosource Europe Ltd
- Express Gifts Ltd
- Fox 40 International Inc
- Halifax Bank Of Scotland
- JET Petrol
- Legoland
- Meteorological Office
- Ordnance Survey
- Proctor & Gamble
- Royal Navy
- Venture Abroad
- Volkswagen
- WC Shipwrights
- Webb Ivory

The Scout Association

Gilwell Park
Chingford
London E4 7QW

Tel: 020 8433 7100

Fax: 020 8433 7103

Email: scout.association@scout.org.uk

Web site: www.scouts.org.uk

Scout Information Centre

Tel: 0845 300 1818

Fax: 020 8433 7103

Email: info.centre@scout.org.uk

Windsor Appeal

Web site: www.sbuk.org.uk/donations/windsor.php

Scouts Reunited

Gilwell Park
Chingford
London E4 7QW

Tel: 020 8433 7100

Fax: 020 8433 7103

Email: scoutsreunited@scout.co.uk

Web site: www.scoutsreunited.co.uk

Scouting 2007

Gilwell Park
Chingford
London E4 7QW

Tel: 020 8433 7100

Fax: 020 8433 7103

Email: info@scouting2007.org

Web site: www.scouting2007.org

Outdoors

Lancing Business Park
Lancing
West Sussex
BN15 8UG

Tel: 01903 755352

Fax: 01903 750993

Email: enquiries@outdoors.ltd.uk

Web site: www.outdoors.ltd.uk



Copyright © 2003

The Scout Association

New Edition

First printing 2003

Printed by Embassy Press