

# Join the adventure

**The Scout Association** Annual Report 2004-2005



## Contents

05	Introduction by the Chairman, Committee of the Council
06	Introduction
07	A new Chief Scout
08	The Report
24	Consolidated Statement of Financial Activities
25	Balance Sheets
26	Consolidated Cash Flow Statement and Notes
28	Notes to the Consolidated Financial Statements
43	Independent Auditors' Report
44	Committee Structure and Membership
46	Census of Membership

This report provides a summary of the business activities of the Committee of the Council and its sub-Committees during the period April 2004 to March 2005.



**We believe that through adventure we challenge individuals so that they learn and experience new things that enrich their lives.**

**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.**



**In every sense, this has been a 'year of adventure' for Scouting.**



## Introduction by the Chairman, Committee of the Council

In every sense, this has been a 'year of adventure' for Scouting.

Both locally and nationally, we have continued to challenge ourselves to make activities and development opportunities available to the widest possible audience.

Our focus today remains the recruitment and retention of adult Leaders. We have been careful to listen to our volunteers' own success stories and have made a special effort to share this 'best practice'. The new **Scouting** magazine, website and membership services system in particular have been invaluable in this regard. Flexible volunteering holds the key to strong, successful leadership teams. We have encouraged our Leaders to think widely about how they can accommodate those adults willing to help, but who have limited time, irregular shift patterns or transport difficulties.

A great deal of work has also gone into the preparations for EuroJam, the European Jamboree for 10,000 young people taking place in July 2005. It is one of the largest and most important celebrations of peace and citizenship in the UK for 50 years and an opportunity for us to extend the hand of friendship to Scouts from over 60 countries.

Our dedicated volunteers and staff are thanked for their enormous contribution to making this important event a success; it can only raise the profile of our work in helping to promote a message of international peace and in helping young people of every background reach their potential.

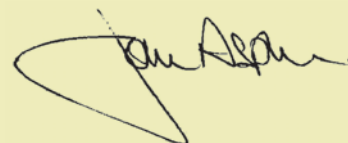
We have not neglected the challenge of keeping Scouting relevant and exciting for each of our 450,000 Members. The launch of our National Centre network has made adventure an accessible reality for our young people. It has allowed Leaders to book affordable activities for their Groups in some of the UK's most spectacular rural locations. Although the decision to sell some of our Scout campsites was not popular with all, we believe this to be the best way of developing excellent, affordable facilities into the future.

I have been heartened this year by work in two areas in particular. The first is our increased commitment to diversity. We are promoting co-education for all in Scouting. Significant efforts have been made towards the full integration of those with special needs into mainstream Scouting and we recently and very publicly restated our position on welcoming young people and adults from every faith and background. We are an inclusive Movement and will remain so.

The second area I have found equally encouraging is the generosity of our Members. Whether contributing to the World Scout Tsunami Appeal, Comic Relief or our joint venture, Gimmie 5 with WWF, adults and young people in Scouting have shown tireless energy in supporting good causes. It is a positive sign of Scouting's engagement with the world and refusal to be introspective in our activities.

Finally, I would like to thank all the volunteers and staff who have made this a successful year for Scouting. The superb team effort that has helped halt the decline in membership has been especially inspiring.

This is also an excellent opportunity to formally thank our new Chief Scout, Peter Duncan, who has demonstrated a commitment to young people and a strong desire to 'live the adventure'. We now look confidently to the future, building a sound foundation and continued growth towards 2012.



John Asplin  
Chairman, Committee of the Council

## Introduction

### **Towards 2012** a strategy for Scouting

This report focuses on our work towards six key goals.

At the November 2002 Conference for County and Area Commissioners, there was confirmation of underpinning research and the broad aspirations for the 10 year vision Towards 2012 for the growth and development of Scouting:

By 2012, The Scout Association will be:

- a youth Movement
- a focused Movement
- a sound Movement
- a relevant Movement
- a diverse Movement
- a growing Movement

At the September 2004 District Commissioners' Conference, there was support both for the broad vision Towards 2012 and also for the specific principles of moving from vision to strategy, namely: the Association's priority focus will be the recruitment and retention of adults in Scouting.

Key Performance Indicators have been agreed as detailed monitors and to set detailed targets, but for the Movement there are to be two broad measurable goals:

- by 2007, Membership will be increasing
- by 2012, there will be a further 10% increase beyond the 2007 level.

National resources will focus on providing and strengthening local support working with Counties and Areas. There will also be direct support to use existing resources that have a proven record of success (e.g. the Six-Step Approach to adult recruitment, the Adult Training Scheme, local-level fundraising, practical programme support material, local branding and marketing), and fewer new unrelated initiatives.

Volunteers with national appointments and on national teams will provide direct support to individual Districts, with less time in committee and team meetings.

National staff will facilitate networking to share good practice and will provide direct support to individual Districts, with less time in the office.

National Committees, Chief Commissioners, National Commissioners and staff will regularly explicitly review and report on their work undertaken to directly support these strategic actions.

Counties and Areas are being encouraged to focus on the effective local training of adults in Scouting and on support for and development of the Scout Network.

Districts are being encouraged to focus on the ongoing personal support of all adults in Scouting and on the growth of Explorer Scouting.

Districts and Counties together are being encouraged to review and maximise the most effective use of their resources, including people, funding and facilities.



## A new Chief Scout

The considerations encompass all adults in Scouting: not only uniformed Section Leaders, but also Commissioners, Administrators, Appointments Committees, Campsite Committees, etc.

There are issues to note as the Association moves from a vision to strategic actions:

- the vision is long-term, to be worked towards between now and 2012
- in 2007, resources will be especially focused on Scouting's Centenary activity, with an emphasis on using the Centenary as a vehicle towards the achievement of the long-term vision
- we are building capacity now for the later work
- the most urgent and important issue and the one identified most often is the retention and recruitment of adult volunteers.

During the past year the Association has been working on the various strands of the vision.

The Chief Scout is the public face of Scouting. We were delighted in July 2004, when Peter Duncan accepted the challenge of leading the UK's half a million Scouts.

Actor, producer and television personality, Peter is also one of the UK's most passionate supporters of outdoor adventure for all. Famous for his worldwide expeditions and appearances on **Blue Peter** and **Duncan Dares**, he is as well known for his love of a challenge as he is for his work with young people.

Coming to us with extensive media experience, Peter has already helped to dramatically raise the profile of the Movement across the UK, beginning with his round of media interviews on the day of the announcement itself.

In the past year, he has inspired volunteers at the District Commissioners' Conference, spoken positively about Scouting at the Outdoors Show, led Scouting's contribution to Comic Relief and delivered a consignment of camping gear to Brownsea Island (the birthplace of Scouting) by helicopter. In between, he joined 3,000 Cubs and Scouts for a Big Kickabout at the home of Queen's Park Rangers and met with young Members at various events, as well as finding time for his own day-job and his family. There's a reason why he's calling this his 'year of adventure.'

**'As we move towards our Centenary in 2007, there has never been a better time to celebrate the adventure of Scouting and to focus on the recruitment of more adult volunteers.'**

Peter Duncan, Chief Scout

## A youth Movement

### 6-25 Programme

a policy of continual improvement

Three years on from the new Programme launch and our Leaders are still enjoying the challenge of delivering a varied programme for our 350,000 young people. Camping and the outdoors remain at the heart of what we do. An innovative Nights Away Permit scheme has made taking young people away even safer and easier than ever.

We operate a policy of continual improvement and a wide-reaching review: 'Checkout the Programme' has provided us with feedback from over 40 Districts, in addition to many other comments received from across the UK. The results have given us a valuable insight into the workings of the Programme as it is today. As a result, the National Programme Team has now been able to make clear, informed suggestions for minor improvements which will emerge in 2006.

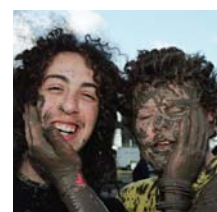
Work continues to develop Programmes Online, a free web-based resource containing programme ideas, closely linked to the concept of the Balanced Programme. With a combination of traditional skills, global awareness and the use of new technology, we are well positioned to take Scouting forward, towards 2012.

### EuroJam

celebrating the adventure

EuroJam is one of the largest Scouting events to take place in the United Kingdom in the last 50 years. Between 29 July-10 August, nearly 10,000 people from 60 countries will celebrate the spirit of international friendship at Hylands Park, Chelmsford, Essex. As well as taking part in a full programme of activities, the participants will learn about many of the environmental and social issues facing the world today.

Young people will have the opportunity to work directly with local communities, find out more about European issues and how they can play an active part on the world stage in the 'Global Development Village'. Promoting citizenship, leadership skills, team-working and cultural awareness, it's another example of Scouts taking the lead in developing tomorrow's leaders today.



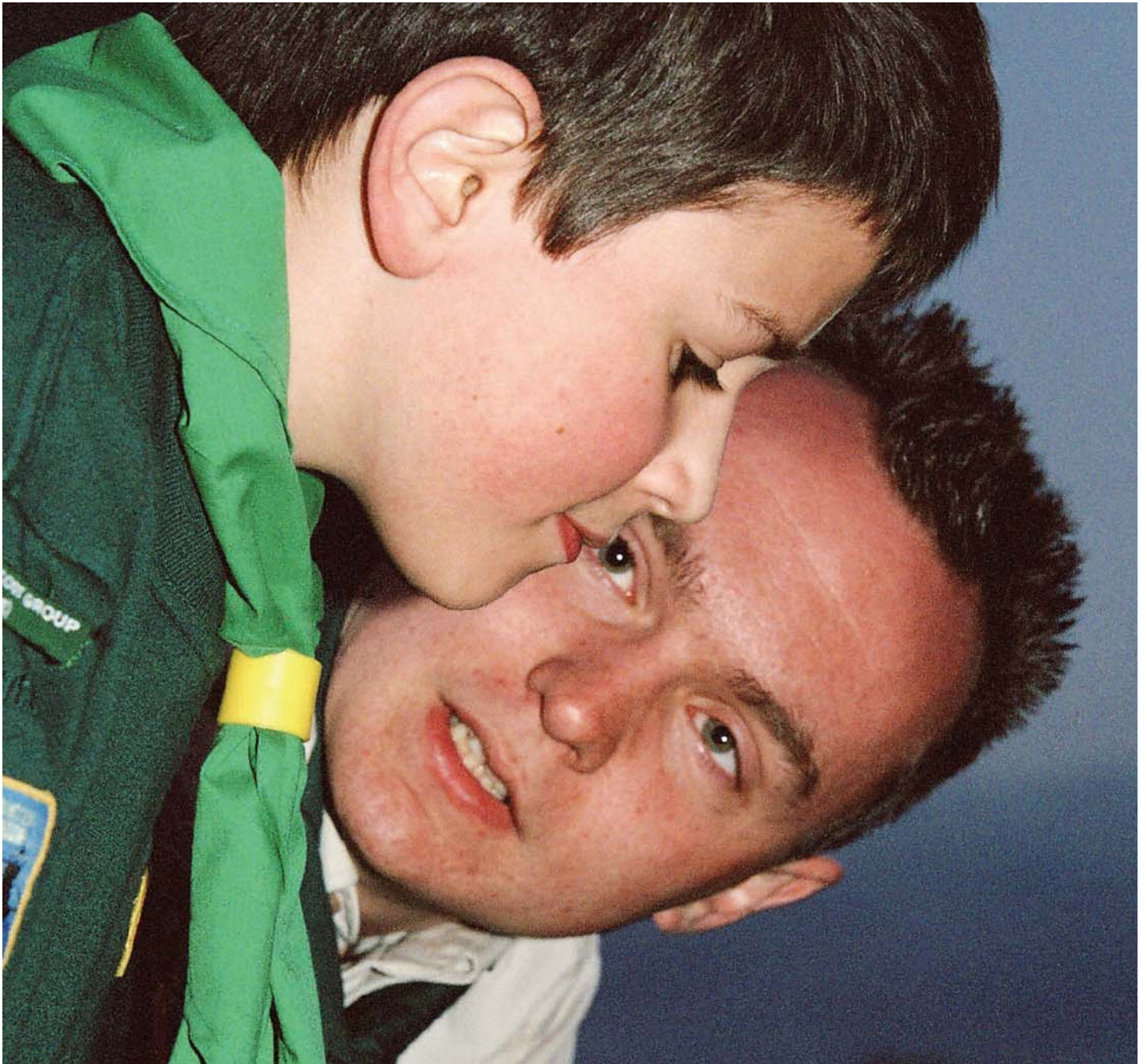




‘The National Programme Team is always looking at ways to provide more support directly and locally. National volunteers and support staff will make themselves available to give support on a partnership basis where our Members most need it.’

Roger Starr, National Commissioner for Programme





‘I was initially sceptical about the new online membership system, but I am increasingly convinced of its benefits to Members. As someone who was toying with the idea of creating our own database for the District, you have saved me a lot of time and effort!’

Ian D Chick, Deputy District Commissioner, Greenford & District Scout Council



## A focused Movement

### Making life an adventure again building the Scout brand

We made it a priority this year to clarify what Scouting offers our communities. We wanted to sharpen up how we express our aims, understand our character and produce an inspiring statement of intent to help shape our future work.

Speaking to young people, adult volunteers, parents, and members of the public, we asked what Scouting meant to them and the results were as encouraging as they were diverse. The research was taken to a leading brand development agency who helped crystallise the key messages into a single concept:

'We believe that through adventure we challenge individuals so that they learn and experience new things that enrich their lives.'

Adventure – at all levels and in many forms – was identified as the 'essence' of Scouting. Rather than just extreme sports, it encompasses the many ways that Scouting challenges and stretches the lives of young people. We wanted to promote the message that for a Beaver Scout, waking up the morning after her first night away from home is as much an adventure as a member of the Scout Network hang-gliding or scuba diving.

This new brand helps project a single, strong and 'real' image of Scouting; it has made it easier for us to market ourselves and has increased our audience's understanding of our work.

### Talking adventure in Scouting magazine

Since October 2004, **Scouting** magazine has been sent free of charge every two months to each of our adult volunteers. All Members aged 18 and over are entitled not only to the 100-page magazine but also a special supplement with advice, ideas and programmes specifically for the age range with which they work. It has made a dramatic difference.

All Members are now informed of national decisions as they happen, together with forthcoming events and Programme initiatives, and they are strongly encouraged to contribute their own ideas and suggestions. Other innovations include the new A5 size, and the introduction of one-off supplements such as the **Nights Away** campsite listing in the April/May 2005 edition, which proved popular with Members and advertisers alike.

Covering events of national interest such as the Tsunami Scout Appeal and Comic Relief, the magazine offers practical, specialist advice on everything from Gift Aid to adult recruitment and retention. The magazine team is always open to new ideas, and themed issues, celebrity interviews and guest editors are all planned for the future.

We are committed to accessibility and readability and the magazine is available in plain text format online at [www.scouts.org.uk/magazine](http://www.scouts.org.uk/magazine). Members can also use this site to provide feedback, search the archive and access other Section supplements.

### Membership services benefits at every level

After some initial technical challenges, our online Membership Services System is now making a valuable contribution to our work, both locally and nationally. The development of the online system has continued to improve communication and reduce administration throughout the Movement. Just one example of where we have successfully used the new system is in sending out **Scouting** magazine to nearly 80,000 adult volunteers.

With full access granted to Counties/ Areas in July 2004 we have seen a great improvement in the quality of the information held. Many benefits have also been delivered locally throughout the implementation.

The Membership Services System will continue to be developed over the coming years providing a flexible resource and tools to help Scouting grow at all levels.



## A sound Movement

### Joined up thinking a bright future for our National Centres

On 1 April 2005, our new National Centres network was launched. This was the culmination of a great deal of planning and co-ordination to provide centrally managed venues that provide first rate facilities for our Members and showcase Scouting at its best. The strategy has included the sale of three Scout campsites with the aim of establishing a smaller number of widely accessible Scout Activity Centres.

The five Scout Activity Centres at Downe (Kent) Gilwell Park (Essex) Youlbury (Oxfordshire) Great Tower (Cumbria) and Baden-Powell House (Central London) now allow us to offer activities and expert tuition in some of the UK's most spectacular rural and urban locations. They are a first step in offering a greater choice for our Members and getting more young people participating in outdoor activities.

A new website has also been launched: [www.scouts.org.uk/nationalcentres](http://www.scouts.org.uk/nationalcentres)

### Leaving the world a better place a legacy for Scouting

A renewed emphasis on legacy promotion has made a significant contribution to a sound financial base. As part of a national legacy promotion campaign, The Scout Association has joined forces with over 100 charities working together to encourage people to make wills and in particular leave legacies to charities.

The results have been impressive. Legacies have significantly increased with an annual central income to The Scout Association in excess of £250,000. Much of this has come about as a result of recently-made wills and those that have been recently amended in our favour. Significant legacies have also been made in favour of local Scouting.

We are committed to ensuring that money is used effectively for the benefit of young people and a number of grant making funds have allowed us to do this. The International Friendship Fund for example, helps young people to travel abroad to take part in international events and community projects, particularly in the developing world.

### A new direction for Scout Shops

In November 2004, we accepted an attractive offer from The Outdoor Group (better known as the high street retailer Blacks and Milletts) for our chain of 27 Outdoors retail outlets.

Despite healthy sales and a reputation for excellent products and advice we realised that in an increasingly competitive market place, the investment required to maintain profitability would ultimately not be in our Members' best interests.

Instead, we are now focusing on the needs of our core internal audience, continuing to offer a wide range of Scouting publications, badges, uniform and merchandise at [www.scouts.org.uk/shop](http://www.scouts.org.uk/shop)

### Securing the future of Gilwell Park

The Gilwell Park Campaign was established to improve the facilities and expand the accommodation capacity at Gilwell Park, the 'home of Scouting' on the edge of Epping Forest. This is to help provide increased opportunities for outdoor adventure and leadership development. The Campaign has built up momentum and has recorded some notable successes in the past year.

The first Accommodation Lodge, providing comfortable, practical accommodation for up to 50 young people and their Leaders is already in use and work on site infrastructure

(parking, drainage, gas, water and electricity) is also complete.

After an initial period of research and consultation, the fundraising itself is also proving successful with several high value gifts, most recently including a single donation of £500,000. Meanwhile, some high profile names have lent their support to the campaign. We are delighted to announce that Lord Baden-Powell has joined us as a Campaign Patron, while former South African President F W de Klerk has joined as an Honourary Campaign Patron. Next year we hope to be in a position to begin work on more accommodation, an activity centre and our Scouting museum.

### Getting a better deal for Scouting commercial partnerships

This year we have taken a much more proactive approach to commercial partnerships, forming significant relationships with several of the world's leading brands, including Unilever, Britvic, Robinson's, British Telecom and Universal Studios.

Offering increased flexibility, realistic market prices and bespoke packages, companies have been pleased with the benefits they have received through their association with Scouting. Looking forward to securing more agreements in the near future, we continue to form relationships that support our brand while directly benefiting young people and adults.

Increased revenues from partnerships have helped us keep down the cost of membership subscriptions, help fund free and low cost resources and support the work of our award-winning Information Centre.

If you are interested in speaking to us about our work in this area, please contact our team at [partnership&sponsorship@scout.org.uk](mailto:partnership&sponsorship@scout.org.uk)





‘The Scout Association has offered a thoroughly professional service throughout our involvement and we are particularly pleased to be helping more young people experience the adventure of Scouting as an active pursuit.’

Julian Mears, Britvic





‘The good part about The Gimmie 5 Challenge was that the Group got a share of the money they raised.’

Karen Ticehurst, 23rd Blackpool St Mary's Scout Group

## A relevant Movement

### 2005

#### Year of the Volunteer

Early in 2004, Chancellor Gordon Brown designated 2005 the Year of the Volunteer. Its aims were to increase the number of volunteers, open up more volunteering opportunities and raise the profile of the work of volunteers nationwide.

Scouting has risen to the challenge and has used the media coverage to highlight the work of adults in Scouting and appeal for increased adult involvement. It was also a time to celebrate our success and using the membership database, Chief Scout, Peter Duncan, sent a 'thank you' card to every adult Member in the country.

We hope to continue to raise awareness of volunteering in general and within Scouting in particular throughout 2005 and beyond.

### Tsunami

#### The Scout Association responds

An estimated 300,000 people lost their lives in the Tsunami-Earthquake that devastated parts of the Asia Pacific region on 26 December 2004. Many more lost family members, homes, possessions and the ability to earn a living.

Scouts in the area immediately lent their support to the relief effort and shortly afterwards the World Organisation of the Scout Movement announced a worldwide appeal for aid on an unprecedented scale. The Scout Association's Members' own contribution to Scout Tsunami Aid has been remarkable.

Young people and their Leaders across the UK responded to the call with enormous energy and imagination, organising bring and buy sales, sponsored silences, charity dinners and musical entertainment. As of 31 March 2005, we have transferred some £150,000, which represents over half of the total funds raised by Scouting worldwide to date.

The money has been directed mainly into long-term reconstruction work, funding training for those who have lost their livelihoods, recreation facilities for young people as well as disaster relief skills to help cope with future emergencies.

### Gimmie 5

#### a national fundraising event delivered locally

We're always on the lookout for good ideas and this was one of them. The Gimmie 5 Challenge (12-20 March 2005) was the first joint fundraising initiative between The Scout Association and WWF. It was a fun activity for young people and their Leaders that fitted with our Programme while raising money for endangered species, disadvantaged Scouts and Scout Groups.

Having already raised some £90,000 this year, the key to its success lies in its flexibility, allowing local Groups to decide on their own activity based on a broad theme. Free fundraising packs were made available to Groups and celebrity support from Fearne Cotton, Tony Robinson and Ray Mears made sure the project got off to a flying start.

The feedback has been excellent and we've already decided to repeat the event next year. The Gimmie 5 Challenge 2006 will take place between 18-26 March and new fundraising ideas are already pouring in.



## A diverse Movement

### Open to all

promoting multi-faith Scouting

Scouting has always been proud to welcome young people and adults from a wide range of cultural and religious backgrounds, allowing flexibility in the wording of the Scout Promise to make this possible. We believe that by adopting a proactive multi-faith approach to youth work we strengthen our ability to work positively with young people.

In early summer 2005, and following positive media interest, we underlined our commitment to make Scouting available to those of different faiths and beliefs. With reports in all the major national newspapers and on prime-time BBC Radio, we extended the invitation to 'join the adventure' to a huge audience – resulting in a number of young people and adults becoming Members.

Locally, Scouting is increasingly being used in minority communities as a tool to support youth work and bring communities together.

### One Movement working together

promoting co-education in Scouting

The Scout Association continues to be committed to diversity in its membership. By 1 January 2007, all young people will be accepted into all Sections of Scouting. In short, this means Scouting in the UK will offer fully mixed, giving both girls and boys aged 6-25 the opportunity to learn and grow together.

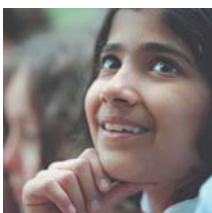
Work towards this aim included the **One Movement Working Together** initiative – an information booklet sent to every adult in Scouting with the April/May 2005 **Scouting** magazine. Providing resources to help facilitate the transition for those still offering single-sex provision, a timetable for change and advice to those still struggling with the concept, it was a positive step towards true diversity. A team is also now in place to provide local support to encourage co-education and to answer questions.

### An end to age limits in Scouting

a commitment to equal opportunities

In June 2004, we agreed a policy that means there is no longer an upper age limit on all adult appointments. An adult is therefore now appointed purely on ability and suitability to carry out a particular role. This is good news for Scouting and re-affirms our commitment to equal opportunities.

Using a combination of workshops, magazine articles, website and other resources, we promoted the message as widely as possible to ensure that the Movement does not lose talented, motivated people simply because of rules and regulations.



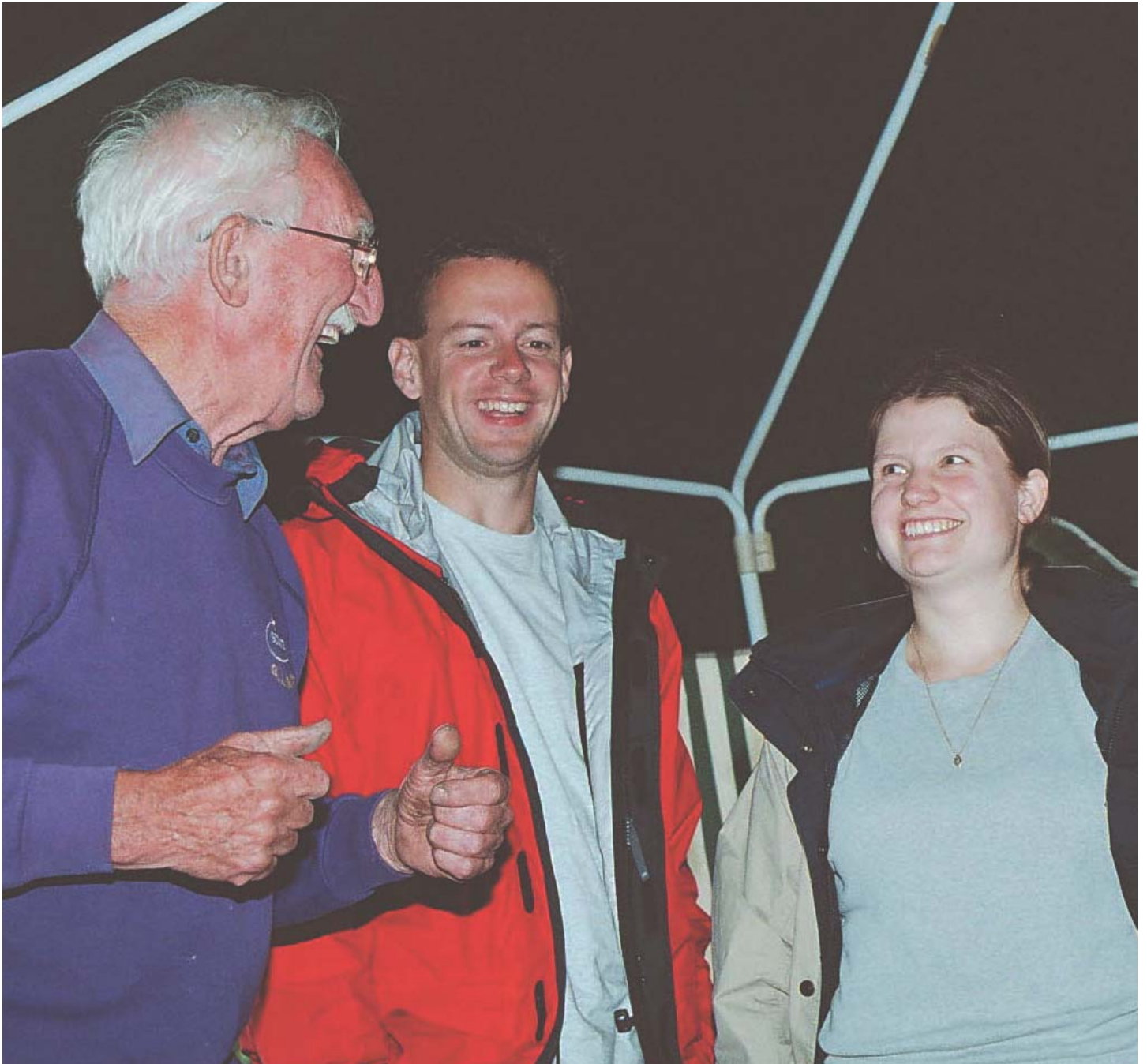




‘It was obvious to go to Scouting for our youth provision. The method and infrastructure were already in place, and most importantly it is based on values that are compatible with the Muslim faith. I always tell my Scouts that we are more than just a youth group.’

Moadh Kheriji, Chairman, Muslim Scout Fellowship





‘I just wanted to say thanks for a GREAT conference. There were lots of good ideas to take on board and I returned home fully focused on the task ahead.’

Graham Eagle, District Commissioner, Plymouth



## A growing Movement

### Growing Scouting

more inclusive, more representative

The census return for 2005 was the most encouraging for years. Three of our five youth Sections have grown in the past year, and the overall rate of decline has slowed to just 0.9%. Most encouraging has been a 5.2% increase in our female membership, with more girls in every one of our age ranges. We hope to continue this strong growth in every Section, and on the basis of these figures, are on track to be growing by our Centenary in 2007.

### Listening to our Members

The District Commissioners' Conference

In September 2004, 600 of our key volunteers met up in Warwick University for a weekend of debate, new ideas and skills sharing. High on the agenda for these District Commissioners was our vision towards 2012 and in particular, the recruitment and retention of more adult volunteers.

Many extremely positive messages came out, including the importance of providing flexible volunteering in Scouting as well as the need for more resources to support recruitment.

It was just one of a series of events designed to involve our Members in the national decision-making process as well as to thank and acknowledge their contribution to Scouting.

'This is not just a talking shop,' the Chief Scout said at the end of the event. 'What we've learnt this weekend will be fed in and will then be fed out again; you will be empowered to act.'

### Promoting flexible volunteering

adult training in Scouting

The Scout Association continues to provide sector-leading training and support to adult volunteers. Our new Adult Training Scheme, launched in September 2003, is now firmly embedded locally, and adults are giving us excellent feedback.

We have responded by providing a greater range of methods for completing the training and validation of training modules including DVDs, videos and workbooks. The teams are committed to developing Scouting by encouraging better a more flexible approach to volunteering such as job sharing, Leader rotas and distance learning.



## Financial Review

The Scout 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

The Association achieved an operating surplus of £0.5m in the year, an improvement of £0.8m compared with the previous year. The operating surplus includes £1.7m one-off surplus on disposal of assets and £0.7m exceptional costs relating to the sale of the 27 Scout Shops Limited shops. Without these one-off items the result would have been a £0.5m deficit. The continued growth in world stock markets produced net gains of £0.8m on investments, resulting in an increase of £1.3m in the Association's funds, before taking into account the effect of actuarial losses on the defined benefit pension scheme. The Trustees consider it appropriate to implement FRS 17 in full this year and have therefore recognised the £2.7m actuarial loss on the defined benefits pension scheme. This results in an overall reduction in funds of £1.4m.

	2005 £m	2004 £m
Net (Outgoing) Resources before 'one-off' items	(0.5)	(0.3)
Surplus on disposal of assets	1.7	-
Exceptional costs on sale of shops	(0.7)	-
Net Incoming/(Outgoing) Resources	0.5	(0.3)
Net gains on investment assets	0.8	1.4
Actuarial (Losses)/Gains on defined benefits pension scheme	(2.7)	0.6
(Reduction)/Increase in funds	(1.4)	1.7

### Incoming resources

Total incoming resources for the year amounted to £30.0m, £0.1m higher than 2004. Camping, training and accommodation income grew by £0.6m but insurance commissions were £0.1m lower. The sale of the shops network in November 2004 resulted in a decline in retail sales within Scout Shops Limited of £1.6m on discontinued operations and £1.0m on continuing operations. The sale of two campsites and the assets employed in the shops, generated a £1.7m surplus on the disposal of assets.

Membership fee income rose by 3% to £7.3m, an increase of £0.2m over last year. The Committee of the Council increased the net subscription from £16.50 to £17.50 per Member in April 2004, after a 50p rebate for prompt payment.

Donations, legacies and similar income amounted to £0.8m, £0.2m higher than 2004.

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 Adventure Camp. In addition, there are Scout Information Centre sales, insurance commissions earned both by Scout Insurance Services Limited (formerly the Insurance Department) and by Scout Insurance (Guernsey) Limited and the surplus on asset disposals. During 2004/05, asset disposals, mainly the sale of two campsites and the assets employed by the shops, generated one off income of £1.7m. The income from Scouting magazine halved from £0.4m in 2004 to £0.2m this year following the decision to provide the magazine to all adult Members free of charge.

Activities for generating funds include the retail sales of Scout Shops Limited, sponsorship and promotional income, together with non-Scouting income generated by Baden-Powell House and Gilwell Hotel and Conference Centre.

Investment income grew by £0.3m to £1.7m due to a combination of higher interest rates and increased cash balances.

### Resources expended

Resources expended amounted to £29.6m, a decrease of £0.8m over last year. With the sale of the shops, overall retail operating costs decreased by £1.5m. Included in overall retail operating costs is £0.7m of exceptional costs relating to the sale of the shops. Other costs of generating funds increased by £0.1m and insurance costs fell by £0.5m, reflecting both the continuing improvement within this market and lower costs at Scout Insurance (Guernsey) Limited. £0.8m was spent on the planning for EuroJam and the Scouting 2007 activities.

Costs of generating funds decreased by £1.4m to £14.5m, entirely due to reduced costs following the sale of the shops. On a continuing operations basis, costs of generating funds increased by £1.0m mainly due to central costs of Scout Shops Limited such as the warehouse operation no longer being allocated to the shops. Hostel and conference expenditure increased in line with the increased revenue from this activity.

Expenditure on activities in furtherance of the Charity's objects totalled £13.0m, an increase of £0.6m on 2004. This increase was spread over a wide range of activities including an additional £0.3m on development, diversity and child protection, a £0.2m increase in grants and £0.1m higher Short Term Investment Service interest.

Support costs have either been attributed to costs of generating funds and charitable expenditure based on an estimate of staff resources or have been 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.

#### **Gains on capital investments**

The gains of £0.8m (2004: £1.4m) represent the difference between the market value of our investment portfolios at the start and end of the financial year.

#### **The Association's funds**

The Association's consolidated reserves fell by £1.4m to £29.5m at the end of the year, with a net cash inflow of £3.1m. After excluding £14.4m funds invested in fixed assets, Restricted and Endowment Funds of £7.2m and funds retained in subsidiaries of £2.3m, the Association's unencumbered funds amount to £13.4m. Out of this amount, £2.4m has been set aside into designated funds to meet future calls on the Association's finances, including costs leading up to the 2007 Centenary, the provision of grants towards attendance at future World Scout events, and to further support development of Scouting in the UK and the Scout Activity Centres.

#### **Scout Shops Limited**

Scout Shops Limited is a wholly owned subsidiary of The Scout Association incorporated in England selling Scouting and ancillary products mainly to Members of The Scout Association.

During the year the Association sold the 27 Scout Shops Limited (Outdoors) retail branches to The Outdoor Group Limited. Selling the retail branches will enable Scout Shops Limited to concentrate on its core business and customer, the Scout Movement and to offer a higher level of service to our Members.

Staff redundancies were kept to minimum, by transferring shop staff employed in the shops to The Outdoor Group Limited. The sales and supply operation was retained at Lancing with the business focused on meeting the Movement's needs. Since the sale of the shops the senior management and The Board of Directors of Scout Shops Limited has engaged in a strategic review of marketing and business development opportunities and has begun implementing the agreed strategies.

The company produced profits of £0.6m (2004: £0.6m) before tax and £0.7m of exceptional costs relating to the disposal of the shops.

#### **Scout Insurance Services Limited**

Scout Insurance Services Limited is a wholly owned subsidiary of The Scout Association that is incorporated in England. It commenced full operational trading as an insurance broker in February 2005 following the successful application for registration with the Financial Services Authority. Prior to this date the activities of Scout Insurance Services Limited were undertaken by the Insurance Department.

In the two months to March 2005 Scout Insurance Services Limited generated a gross profit of £90,000 and an operating profit of £15,000 that was donated to The Scout Association under Gift Aid. The company will continue to provide insurance advice and an insurance brokerage service to the Movement.

#### **Scout Insurance (Guernsey) Limited**

Scout Insurance (Guernsey) Limited is a wholly owned subsidiary of The Scout Association that is incorporated in Guernsey. Its principal activity is that of an insurance captive. 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 as well as enabling the provision of competitive property and equipment insurance for Groups, Districts, Counties and Areas.

In the year to March 2005, gross profit increased by 98% to £0.7m (2004: £0.4m) and profit after taxation increased to £0.6m (2004: £0.2m) through a combination of good underwriting profits from its property insurance programme and increased investment income on its reserves.

## Financial Review

### Scout Services Limited

Scout Services Limited is a wholly owned subsidiary of The Scout Association that is incorporated in England. Its principal activity is that of fundraising and sponsorship activity on behalf of The Scout Association.

Fundraising and sponsorship produced net profits of £23,000 (2004: £59,000), which were passed to the Association under a Deed of Covenant.

### Scouting 2007

Scouting 2007 is incorporated in England as a company limited by guarantee, 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. On 1 August 2004 the management of 2007 activities was transferred to within the existing management structure of The Scout Association and Scouting 2007 ceased to trade. The transfer has improved the management, planning and coordination of the activities previously carried out by Scouting 2007.

In the four months that it was operational, Scouting 2007 incurred costs of £0.2m (2004: £0.5m) and was in receipt of grants from the Association £0.2m (2004: £0.4m), and from the European Scout Foundation £0.0m (2004: £0.1m). Its subsidiary, Scouting 2007 (Trading) Limited, was dormant during the year.

### The Scout Association Pension and Life Assurance Scheme

The last full valuation of the defined benefit pension scheme was carried out as at 31 March 2004. The market value of the assets of the scheme was £17.9m and the actuarial value of those assets represented 78% of the value of the benefits that had accrued to members.

The actuarial valuation of the TSA defined benefit pension scheme at 31 March 2005, for the purposes of FRS 17, showed a funding deficit of £7.8m (2004: £5.0m) and an actuarial loss in the year of £2.7m (see Note 7). As best practice, the Trustees consider it appropriate to implement FRS 17 in full this year and have recognised the actuarial loss in the Statement of Financial Activities. The implementation of FRS 17 is a change in accounting policy that has necessitated restating the 2004 results onto a consistent basis.

The cash flow required to meet the £7.8m deficit relates to future pension contributions. The deficit is expected to arise over the long term rather than in the immediate future, and the amount of the deficit is subject to considerable variability because it depends on a range of demographic and financial assumptions, which are likely to change over time. The scheme was closed to new members in the year ended 31 March 2001 and the Trustees regularly monitor the pension scheme funding deficit to ensure that general reserves provide adequate cover against the future liability. In accordance with recently issued Charity Commission guidance ('Charity Reserves and Defined Benefit Pension Schemes'), the Trustees have reviewed the cash flow impact on general reserves of the planned funding of the deficit. Since this is met from anticipated future income streams a separate designated fund is not required.

### Short Term Investment Scheme

As at 31 March 2005, deposits by Scout Groups, Districts, Counties and Areas in the Short Term Investment Scheme totalled £11.5m, an increase of £1.1m in the year. These funds generated investment income for depositors of £0.5m. The Short Term Investment Scheme is currently being revised to a Common Deposit Fund.

### Headquarters' Membership Subscription 2005

The Committee gave careful consideration to the Headquarters Membership Subscription for 2005, having taken 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 2006 be increased from £18.50 to £19.10 per Member with a rebate of 50p for prompt payment.

### Reserves Policy

The Trustees agreed that general reserves should be held representing between six and twelve months' revenue expenditure within the Association. This takes 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 are funded by setting aside appropriate amounts into Designated Funds accordingly. This policy is reviewed annually.

At the balance sheet date general funds stood at £11.0m, an increase of £1.0m in the year and representing approximately seven months of the Association's resources expended.

### Investment Policy

The annual review of the 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.

### **Trustee Responsibilities**

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.

### **Risk Management**

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 are 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 Association continues 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 to the Movement**

Specialised guidance and advice has continued to be provided on lotteries, grants and other fundraising activities, as well as on VAT, gift aid, 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.

### **Volunteers**

During the year over 100,000 adults volunteered their time, energy, skills and commitment to Scouting in the UK at Group, District, County, Area or national level. This ranged from regularly leading Section meetings, assisting on day trips, organising camping weekends, helping with administration, training future Leaders to attending national meetings. Without this contribution, Scouting would be unable to offer the wide range of challenging and inspiring activities that ensures that Scouting is the largest co-education youth movement operating in the UK today.



## Consolidated Statement of Financial Activities

For the year ended 31 March 2005

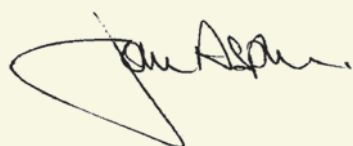
	Notes	2005 Unrestricted £'000	2005 Restricted £'000	2005 Endowment £'000	2005 Total £'000	Restated 2004 Total £'000
<b>Incoming resources</b>						
Membership subscriptions	3(c)	7,276	-	-	7,276	7,033
Donations, legacies and similar income	5(a)	615	237	-	852	686
Activities in furtherance of the Charity's objects						
Surplus on disposal of assets	5(b)	1,658				
Other activities	5(b)	4,417				
		6,075	-	-	6,075	4,165
Activities for generating funds	5(c)	14,126	-	-	14,126	16,689
Investment income	5(d)	891	784	-	1,675	1,357
<b>Total incoming resources</b>		<b>28,983</b>	<b>1,021</b>	<b>-</b>	<b>30,004</b>	<b>29,930</b>
<b>Resources expended</b>						
Costs of generating funds	6(a)	14,469	-	-	14,469	15,878
Charitable expenditure						
Activities in furtherance of the Charity's objects	6(b)	12,095	910	-	13,005	12,407
Support costs	6(c)	1,602	-	-	1,602	1,614
Management and administration	6(d)	477	-	-	477	468
<b>Total resources expended</b>		<b>28,643</b>	<b>910</b>	<b>-</b>	<b>29,553</b>	<b>30,367</b>
<b>Net incoming (outgoing) resources Before transfers</b>		<b>340</b>	<b>111</b>	<b>-</b>	<b>451</b>	<b>(437)</b>
Transfers between funds		152	(152)	-	-	-
<b>Net incoming (outgoing) resources</b>		<b>492</b>	<b>(41)</b>	<b>-</b>	<b>451</b>	<b>(437)</b>
Net gains on investment assets	3(e)	433	332	68	833	1,428
Actuarial (losses)/gains on defined benefit pension scheme	7	(2,672)	-	-	(2,672)	724
<b>Net movement in funds</b>	<b>8</b>	<b>(1,747)</b>	<b>291</b>	<b>68</b>	<b>(1,388)</b>	<b>1,715</b>
Fund balances brought forward at 1 April 2004		24,077	6,099	718	30,894	29,179
<b>Fund balances carried forward at 31 March 2005</b>	<b>15</b>	<b>22,330</b>	<b>6,390</b>	<b>786</b>	<b>29,506</b>	<b>30,894</b>

## Balance sheets

as at 31 March 2005

	Notes	CONSOLIDATED 2005 £'000	2004 £'000 Restated	THE ASSOCIATION 2005 £'000	2004 £'000 Restated
<b>Fixed assets</b>					
Tangible fixed assets	9	14,560	15,189	14,434	14,835
Investment in subsidiary companies	10	-	-	575	750
Investments	11	16,476	15,016	11,978	11,011
		<b>31,036</b>	<b>30,205</b>	<b>26,987</b>	<b>26,596</b>
<b>Current assets</b>					
Stocks	12	1,203	3,478	244	304
Debtors	13	5,658	3,871	4,684	3,778
Short term deposits		14,258	12,794	12,267	11,475
Bank and cash balances		6,981	5,346	5,169	5,660
		<b>28,100</b>	<b>25,489</b>	<b>22,364</b>	<b>21,217</b>
<b>Current liabilities</b>					
Creditors	14	(20,320)	(18,309)	(14,294)	(13,802)
<b>Net current assets</b>		<b>7,780</b>	<b>7,180</b>	<b>8,070</b>	<b>7,415</b>
<b>Total assets less current liabilities</b>					
		<b>38,816</b>	<b>37,385</b>	<b>35,057</b>	<b>34,011</b>
Creditors – amounts falling due after more than one year	14	(1,509)	(1,535)	-	-
<b>Net assets excluding pension liability</b>		<b>37,307</b>	<b>35,850</b>	<b>35,057</b>	<b>34,011</b>
Pension liability		(7,801)	(4,956)	(7,801)	(4,956)
<b>Net assets including pension liability</b>		<b>29,506</b>	<b>30,894</b>	<b>27,256</b>	<b>29,055</b>
<b>The Association's funds</b>					
Restricted Funds	15(c)	6,390	6,099	6,390	6,093
Endowment Funds	15(d)	786	718	786	718
Unrestricted Funds	15(a)				
General Funds		11,029	10,070	11,029	10,034
Designated Funds	15(b)	16,852	17,166	16,852	17,166
Non charitable trading funds	10	2,250	1,797	-	-
<b>Unrestricted Funds Excluding Pension Liability</b>		<b>30,131</b>	<b>29,033</b>	<b>27,881</b>	<b>27,200</b>
Total Funds Excluding Pension Reserve		37,307	35,850	35,057	34,011
Pension Reserve	7	(7,801)	(4,956)	(7,801)	(4,956)
<b>Total Funds</b>		<b>29,506</b>	<b>30,894</b>	<b>27,256</b>	<b>29,055</b>

Approved by the Committee of the Council on 6 July 2005  
and signed on its behalf by:



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



J Capper, Treasurer

## Consolidated Cash Flow Statement

For the year ended 31 March 2005

	2005 £'000	2004 £'000 Restated
<b>Reconciliation of net movement in funds to net cash inflow from operating activities</b>		
Net movement in funds	(1,388)	1,715
Investment income	(1,675)	(1,357)
Depreciation	1,014	1,287
Hire purchase interest	2	3
Net (gains) on investment assets	(836)	(1,428)
(Surplus) on disposal of tangible fixed assets	(1,658)	(7)
Decrease/(increase) in stocks	2,275	(82)
(Increase)/decrease in debtors	(1,787)	919
Increase in creditors	2,019	512
(Decrease)/increase in creditors due after more than one year	(26)	433
Increase/(decrease) in pension liability	2,845	(599)
<b>Net cash inflow from operating activities</b>	<b>785</b>	<b>1,396</b>
<b>Cash flow statement</b>		
Net cash inflow from operating activities	785	1,396
Returns on investments	1,675	1,357
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(1,159)	(1,027)
Receipts from sale of tangible fixed assets	2,432	47
Net (additions) of fixed asset investments	(624)	(759)
	649	(1,739)
Financing		
Hire purchase	(10)	(19)
<b>Increase in cash</b>	<b>3,099</b>	<b>995</b>

## Notes to the Consolidated Cash Flow Statement

For the year ended 31 March 2005

### 1. Reconciliation of net cash flow to movement in cash

	2005 £'000	2004 £'000
Increase/(decrease) in cash	1,635	(157)
Increase in short term deposits	1,464	1,152
<b>Movement in cash in the period</b>	<b>3,099</b>	<b>995</b>

### 2. Analysis of cash

	At 1 April 2004 £'000	Cash Flow £'000	At 31 March 2005 £'000
Cash in hand and at bank	5,346	1,635	6,981
Short term deposits	12,794	1,464	14,258
	18,140	3,099	21,239
Less: Deposits by Scout Groups in the Short Term Investment Service	(10,382)	(1,131)	(11,513)
	<b>7,758</b>	<b>1,968</b>	<b>9,726</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2005

## 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'.

### (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 2005 and all other entities to 31 March 2005.

The Balance Sheets and Profit and Loss accounts or Statements of Financial Activities 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 2005 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 2005. 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, Scouting 2007 and **Scouting** magazine as well as the Scout Activity Centres and Hawkstir Adventure Camp. A percentage of accommodation and training fees receivable at Baden-Powell House and the Gilwell Park 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 Park 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 Park 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 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 Park 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**

Contributions payable to the Charity's Pension Scheme are charged to the Statement of Financial Activities so as to spread the cost of pensions over the working lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice.

The Charity has adopted FRS 17 in full for the first time this year and this has resulted in a prior year adjustment. For full details of the effect of this prior year adjustment see note 7.

The pension scheme liabilities are measured using a projected unit method and discounted at an AA corporate bond rate. The pension scheme deficit is recognised in full on the balance sheet.

The current service cost and net return on the scheme's assets and liabilities for the year is allocated across the resources expended categories in the Statement of Financial Activities. The actuarial gain/(loss) on the scheme for the year is included in the gains/(losses) section of the Statement of Financial Activities.

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 2005

### 5. Incoming Resources

#### (a) Donations, legacies & similar income

	Unrestricted £'000	2005 Restricted £'000	Total £'000	2004 Total £'000
Donation from The Scout Business Trust	-	-	-	159
Grants	174	-	174	176
Legacies	253	-	253	-
All other income	188	237	425	351
	615	237	852	686

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

	Unrestricted £'000	2005 Restricted £'000	Total £'000	2004 Total £'000
Camping, training, accommodation charges and similar income	2,439	-	2,439	1,803
Information Centre charges	295	-	295	320
Insurance commissions	1,467	-	1,467	1,593
Scouting magazine sales	216	-	216	438
Surplus on disposal of assets	1,658	-	1,658	11
Total	6,075	-	6,075	4,165

The £1.7m surplus on the disposal of assets arises primarily from the sale of Perry Wood and Kingsdown campsites under the National Campsite Strategy. The net proceeds form part of the Designated Fund described in Note 15. Other assets sold included those at branches of Scout Shops Limited that were sold to The Outdoor Group Limited.

#### (c) Activities for generating funds

	Unrestricted £'000	2005 Restricted £'000	Total £'000	2004 Total £'000
Retail sales:				
Continuing operations	4,212	-	4,212	5,181
Discontinued operations	9,172	-	9,172	10,752
Hostel and conference income	652	-	652	578
Sponsorship, promotions and royalties	90	-	90	178
Total	14,126	-	14,126	16,689

Discontinued operations relates to the branches of Scout Shops Limited that were sold on 11 November 2004 to The Outdoor Group Limited.

#### (d) Investment income

	Unrestricted £'000	2005 Restricted £'000	Total £'000	2004 Total £'000
Quoted investments	209	155	364	334
Short Term Investment Service	-	520	520	372
Other deposit interest	614	109	723	584
Rental income	68	-	68	67
	891	784	1,675	1,357

## 6. Resources Expended

### (a) Costs of generating funds

	Unrestricted £'000	2005 Restricted £'000	Total £'000	2004 Restated £'000
Retail operating costs:				
Continuing operations	4,380	-	4,380	3,451
Discontinued operations	8,057	-	8,057	11,240
Exceptional costs	725	-	725	-
Hostel and conference expenditure	643	-	643	586
Sponsorship and promotions	278	-	278	203
Support costs	386	-	386	398
	14,469	-	14,469	15,878

Exceptional costs relate to expenses that were incurred during the process of negotiating and completing the sale of the retail shop operation to the Outdoor Group Limited in November 2004. These costs include legal and professional fees, redundancy payments and payments in lieu of notice, stock write downs and obsolete fixed asset write offs.

### (b) Costs of activities in furtherance of the Charity's objects

	Unrestricted £'000	2005 Restricted £'000	Total £'000	2004 Restated £'000
Camping and accommodation costs	2,704	-	2,704	2,578
Programme and training activities	1,631	-	1,631	1,676
Development and Child Protection services	1,795	-	1,795	1,520
World and European membership fees	339	-	339	336
Records and awards	453	-	453	382
Membership services	260	-	260	298
Information Centre	523	-	523	516
Insurance	2,973	-	2,973	3,515
Scouting magazine	509	-	509	472
Short Term Investment Service interest	-	484	484	340
Grants payable	77	426	503	350
Scouting 2007 activities	831	-	831	424
	12,095	910	13,005	12,407

### (c) Support costs

	Unrestricted £'000	2005 Restricted £'000	Total £'000	2004 Restated £'000
Accounting, legal and IS support	430	-	430	490
General overheads	642	-	642	628
Central administration	530	-	530	496
	1,602	-	1,602	1,614

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2005

### 6. Resources Expended (continued)

#### (d) Management and administration

	2005 £'000	2004 £'000
Management and administration includes:		
Auditor's remuneration:		
Audit fees	64	70
Other	40	23
Trustees' expenses reimbursed	48	37

During the year 25 (2004: 22) 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 until September 2004.

### 7. Staff Costs

	2005 £'000	2004 £'000
Wages and salaries	6,278	6,551
Social security costs	527	642
Other pension costs	630	641
	<b>7,435</b>	<b>7,834</b>

The average number of persons employed during the year (full-time equivalent) was:

Activity	2005	2004
Association	177	177
Scout Shops	139	196
Insurance	8	8
<b>Total</b>	<b>324</b>	<b>381</b>

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

	2005	2004
£50,001 to £60,000	-	1
£60,001 to £70,000	1	3
£70,001 to £80,000	3	1
£80,001 to £90,000	-	1
£90,001 to £100,000	-	2
£100,001 to £110,000	2	-

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 £104,077 (2004: £98,708).

#### 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.

**Triannual actuarial valuation**

The most recent full valuation of the Scheme was carried out as at 31 March 2004 and the Attained 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 2004 was £17.9m and the actuarial value of those assets represented 78% of the value of the benefits that had accrued to members, after allowing for expected future increases in salaries.

The Association contributed £555,000 (2004: £557,000) to the Scheme, which was 21.9% (2004: 21.9%) of pensionable salaries.

**FRS 17 valuation**

For the purposes of FRS 17 the most recent full valuation has been updated to 31 March 2005 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	2005	2004	2003
Rate of increase in salaries	4.50%	4.50%	4.10%
Rate of increase in pensions in payment	3%/5%	3%/5%	2.6%/5%
Rate of increase in pensions in deferment	3.00%	3.00%	2.60%
Discount rate	5.50%	5.50%	5.40%
Inflation assumption	3.00%	3.00%	2.60%

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

	2005	2005 £ 000's	2004	2004 £ 000's	2003	2003 £ 000's
Equities	7.70%	8,220	7.75%	8,000	7.50%	6,428
Bonds/Gilts	4.70%	10,125	4.75%	9,647	4.50%	8,860
Cash	3.95%	514	4.00%	292	3.75%	740
<b>Total market value of assets</b>		<b>18,859</b>		<b>17,939</b>		<b>16,028</b>

Present value of scheme liabilities	(26,660)	(22,895)
<b>Net pension (liability)</b>	<b>(7,801)</b>	<b>(4,956)</b>

	2005 £ 000's	2004 £ 000's
Analysis of operating charge to net movement in funds:		
Current service cost	558	464
<b>Total operating charge</b>	<b>558</b>	<b>464</b>

Analysis of net return charged to net movement in funds:

Expected return on pension scheme assets	1,077	901
Interest on pension scheme liabilities	(1,247)	(1,155)
<b>Net return</b>	<b>(170)</b>	<b>(254)</b>

Analysis of amount recognised in gains/(losses):

Actual return less expected return on assets	273	1,274
Experience gains and losses on liabilities	(1,351)	0
Changes in assumptions underlying the present value of scheme liabilities	(1,594)	(550)
<b>Actuarial (loss)/gain</b>	<b>(2,672)</b>	<b>724</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2005

### 7. Staff Costs (continued)

Movement in the deficit during the year:

Deficit in scheme at beginning of year	(4,956)	(5,555)
Movement in year:		
Current service cost	(558)	(464)
Contributions	555	593
Net return	(170)	(254)
Actuarial (loss)/gain	(2,672)	724
<b>Deficit in scheme at end of year</b>	<b>(7,801)</b>	<b>(4,956)</b>

### History of experience gains and losses

	2005
Difference between expected and actual return on scheme assets:	
Amount (£000)	273
Percentage of scheme assets	1%
Experience gains and losses on scheme liabilities:	
Amount (£000)	(1,351)
Percentage of scheme liabilities	-5%
Total amount recognised in statement of total recognised gains and losses:	
Amount (£000)	(2,672)
Percentage of scheme liabilities	-10%

The calculation of the present value of the pension scheme liabilities has been made according to the requirements of FRS 17. This is not the only method of making such a calculation or necessarily the most appropriate. The 2005 FRS 17 actuarial valuation shows a net pension liability of £7.8m compared with £5.0m at March 2004. This significant increase in the net liability is primarily due to changes in actuarial longevity assumptions and the inclusion of experience gains and losses on liabilities. The Association also contributed £78,900 (2004: £75,100) towards individual defined contribution personal pension schemes for certain employees.

### Prior Year Adjustment

The Association has implemented FRS 17 in the year ended 31st March 2005 as the Trustees consider this best practice. As a result of the changes in accounting policy brought about by the adoption of FRS 17 "Retirement Benefits", comparatives have been restated as follows:

	Consolidated £'000	The Association £'000
Fund balances brought forward at 1 April 2004 as previously reported	35,850	34,011
FRS 17 Pension Liability	(4,956)	(4,956)
<b>Restated fund balances at 1 April 2004</b>	<b>30,894</b>	<b>29,055</b>

The effect on the Statement of Financial Activities for the year of the implementation of FRS 17 has been to increase resources expended by £173,000 (2004: £125,000) and to increase actuarial losses by £2,672,000 (2004: increase gains by £724,000).

### 8. Net Movement In Funds

The net movement in funds arises as follows:

	2005 £'000	2004 £'000 Restated
The Scout Association	(1,799)	1,467
Subsidiaries	411	248
	<b>(1,388)</b>	<b>1,715</b>



**9. Tangible Fixed Assets**

	Freehold Property £'000	Leasehold Property £'000	Furniture, Fittings and Equipment £'000	Motor Vehicles £'000	Total £'000
<b>Consolidated</b>					
Cost					
At 1 April 2004	14,505	1,360	6,383	934	23,182
Additions	180	-	800	179	1,159
Disposals	(412)	(200)	(3,382)	(235)	(4,229)
At 31 March 2005	14,273	1,160	3,801	878	20,112
Depreciation					
At 1 April 2004	2,084	850	4,536	523	7,993
Charge for the year	271	30	526	187	1,014
Eliminated on disposals	(75)	(199)	(3,022)	(159)	(3,455)
At 31 March 2005	2,280	681	2,040	551	5,552
Net book values					
At 31 March 2005	11,993	479	1,761	327	14,560
At 31 March 2004	12,421	510	1,847	411	15,189
<b>The Association</b>					
At 1 April 2004	14,505	1,360	5,090	728	21,683
Additions	180	-	737	166	1,083
Disposals	(412)	(200)	(2,222)	(133)	(2,967)
At 31 March 2005	14,273	1,160	3,605	761	19,799
Depreciation					
At 1 April 2004	2,084	850	3,492	422	6,848
Charge for the year	271	30	413	151	865
Eliminated on disposals	(75)	(199)	(1,977)	(97)	(2,348)
At 31 March 2005	2,280	681	1,928	476	5,365
Net book values					
At 31 March 2005	11,993	479	1,677	285	14,434
At 31 March 2004	12,421	510	1,598	306	14,835

The net book value of tangible fixed assets used for charitable purposes is £14,293,000 (2004:£14,338,000). 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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2005

### 10. Investment In Subsidiary Companies

	£'000	2005 £'000	2004 £'000
Cost			
Cost of shares		302	302
Loan account			
Balance at 1 April 2004	450		450
Loan to Scout Insurance Services Limited	50		-
Scout Shops Limited Loan repayable in 2005	(225)		-
		275	
		<b>577</b>	<b>752</b>
Provision for diminution in value			
Balance at 1 April 2004 and 31 March 2005		2	2
<b>Net investment in subsidiaries</b>		<b>575</b>	<b>750</b>

The Association owns 100% of the following unlisted companies:

	Country of incorporation	Issued share capital
Scout Shops Limited	England	£200,000
Scout Insurance Services Limited	England	£1
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%.

Scouting 2007 owns 100% of the share capital of Scouting 2007 (Trading) Limited. The assets and liabilities of Scouting 2007 were transferred to the Association on 1 August 2004 together with its activities. Scouting 2007 (Trading) Limited ceased trading on 31 March 2005.

Scout Insurance Services Limited was incorporated in February 2004 and was dormant until 1 February 2005. The operations formerly conducted by the Association's Insurance Department were transferred to Scout Insurance Services Limited on 1 February 2005.

Scout Insurance Services Limited donates its taxable profit to the Association under Gift Aid. The Directors of Scout Insurance (Guernsey) Limited declared an interim dividend of £0.5m for the year ended 31 March 2006 that will be paid to the Association in June 2005.

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:

	2005					2004	
	Scout Shops Limited £'000	Scout Insurance (Guernsey) Limited £'000	Scout Services Limited £'000	Scout Insurance Services Limited £'000	Scouting 2007 £'000	Total £'000	Total £'000
Trading income	13,184	1,381	60	90	-	14,715	17,448
Cost of sales	(7,412)	(678)	(4)	-	-	(8,094)	(9,824)
<b>Gross profit</b>	<b>5,772</b>	<b>703</b>	<b>56</b>	<b>90</b>	<b>0</b>	<b>6,621</b>	<b>7,624</b>
Other incoming resources	-	-	-	-	181	181	463
Other income	196	-	-	-	-	196	370
Other costs and expenses	(5,345)	(59)	(33)	(75)	(223)	(5,735)	(7,377)
Exceptional expenses	(725)	-	-	-	-	(725)	-
<b>(Deficit)/surplus before taxation</b>	<b>(102)</b>	<b>644</b>	<b>23</b>	<b>15</b>	<b>(42)</b>	<b>538</b>	<b>1,080</b>
Taxation	(3)	-	-	-	-	(3)	(29)
	<b>(105)</b>	<b>644</b>	<b>23</b>	<b>15</b>	<b>(42)</b>	<b>535</b>	<b>1,051</b>
Covenant/Dividend/Gift Aid donation to the Association	(88)	-	(23)	(15)	-	(126)	(688)
<b>Net (deficit) surplus</b>	<b>(193)</b>	<b>644</b>	<b>-</b>	<b>-</b>	<b>(42)</b>	<b>409</b>	<b>363</b>
Net gain (loss) on investments	-	2	-	-	-	2	(114)
<b>Retained (deficit) surplus</b>	<b>(193)</b>	<b>646</b>	<b>-</b>	<b>-</b>	<b>(42)</b>	<b>411</b>	<b>249</b>
Shareholders' funds							
Share capital	200	100	-	-	-	300	300
Reserves	(164)	2,416	(2)	-	-	2,250	1,839
	<b>36</b>	<b>2,516</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>2,550</b>	<b>2,139</b>

Scouting 2007 is a charitable company.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2005

### 11. Fixed Asset Investments

Quoted investments

	Consolidated		The Association	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Market value at 1 April	15,016	12,829	11,011	9,451
Less: Disposals at opening value	(842)	(4,660)	(88)	(3,896)
Add: Acquisitions at cost	1,466	5,890	225	4,398
Net gains on revaluation at 31 March	836	957	830	1,058
<b>Market value at 31 March</b>	<b>16,476</b>	<b>15,016</b>	<b>11,978</b>	<b>11,011</b>
<b>Historical cost at 31 March</b>	<b>15,234</b>	<b>15,786</b>	<b>11,930</b>	<b>11,751</b>

Included in quoted investments are amounts of £7,386,057, £2,476,993 and £1,181,126 invested in each of the Cazenove Growth Trust for Charities, the Cazenove Income Trust for Charities and the Cazenove Global Opportunity Fund (2004: £6,609,328, £2,506,875 and £1,184,843).

### 12. Stocks

	Consolidated		The Association	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Goods for resale	1,203	3,478	244	304

Stocks of goods for resale reduced substantially following the sale of the Scout Shops Limited branches on 11 November 2004.

### 13. Debtors

	Consolidated		The Association	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Trade debtors	1,189	859	248	283
Amounts owed by subsidiaries	-	-	836	1,312
Other debtors	4,469	3,012	3,600	2,183
	<b>5,658</b>	<b>3,871</b>	<b>4,684</b>	<b>3,778</b>



**14. Creditors**

	Consolidated		The Association	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Deposits by Scout Groups in the Short Term Investment Service	11,513	10,382	11,513	10,382
Instalments on hire purchase agreements	1	9	-	-
Trade creditors	2,277	1,556	635	768
Amounts owed to subsidiaries	-	-	7	63
Other creditors	6,529	6,362	2,139	2,589
	<b>20,320</b>	<b>18,309</b>	<b>14,294</b>	<b>13,802</b>
Amounts falling due after more than one year:				
Insurance technical reserve	1,509	1,460	-	-
Other creditors	-	75	-	-
	<b>1,509</b>	<b>1,535</b>	<b>-</b>	<b>-</b>

The Insurance technical reserve is a provision made in the financial statements of Scout Insurance (Guernsey) Limited against future claims. The basis of calculation has changed this year in order to comply with the Statement of Recommended Practice issued by the Association of British Insurers. The Trustees consider that, in order to give a true and fair view, it is necessary for the Association to include this under long-term creditors following the view taken by the Directors of Scout Insurance (Guernsey) Limited.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2005

### 15. Fund Balances

#### (a) Unrestricted funds

	Consolidated		The Association	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
			Restated	Restated
General	11,029	10,070	11,029	10,034
Designated	16,852	17,166	16,852	17,166
Non-charitable trading	2,250	1,797	-	-
<b>Unrestricted funds as previously stated</b>	<b>30,131</b>	<b>29,033</b>	<b>27,881</b>	<b>27,200</b>
Pension Reserve arising from implementation of FRS 17	(7,801)	(4,956)	(7,801)	(4,956)
<b>Unrestricted funds as restated</b>	<b>22,330</b>	<b>24,077</b>	<b>20,080</b>	<b>22,244</b>

For further details of the implementation of FRS 17 and the resulting prior year adjustment see note 7.

#### (b) Designated funds - The Association

	Fixed Assets	Scouting	World Scout	Development	National	Total
	£'000	2007	Events	Grants	Centres	£'000
		£'000	£'000	£'000	£'000	
Balance 1 April 2004	14,835	2,056	175	100	-	17,166
(Expended) received in year	-	(790)	(5)	-	1,420	625
Transfers between funds	538	(538)	-	-	-	-
Transfer (to) General Funds	(939)	-	-	-	-	(939)
<b>Balance 31 March 2005</b>	<b>14,434</b>	<b>728</b>	<b>170</b>	<b>100</b>	<b>1,420</b>	<b>16,852</b>

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 National Centres Fund has been set up to monitor receipts from the sale of certain sites, under the National Campsite Strategy. It reflects the intention that the money will be applied towards improvements at the new Scout Activity Centres.

In addition, the Trustees have set aside funds for three other designated funds. The Scouting 2007 fund mainly reflects forecast infrastructure expenditure that will be spent before and during EuroJam 2005 but that is primarily required for the 2007 events. The World Scout Events fund provides support to members attending world events such as future World Jamborees, the World Moot and the World Scout Conference and the Development Grants fund supports the development of Scouting at the Group, District, County and national level.

**(c) Restricted funds**

Restricted funds include income received by and paid from the Short Term Investment Service and 50 (2004:50) funds administered by the Association.

	Balance 1 April 2004 £'000	Net income £'000	Investment Revaluation £'000	Balance 31 March 2005 £'000
Development Grants Fund	2,014	16	74	2,104
Whitehead Bequest	889	-	84	973
King George VI Leadership Fund	560	11	45	616
G Weston Campsite Fund	293	6	-	299
International Friendship Fund	254	4	19	277
Treloar Fund	220	(20)	17	217
HS Richards Charity for Scouts	210	9	20	239
Brotherhood Fund	167	(7)	9	169
All other funds	1,492	(60)	64	1,496
<b>Consolidated</b>	<b>6,099</b>	<b>(41)</b>	<b>332</b>	<b>6,390</b>

**(d) Endowment funds**

The income is unrestricted and passed to General Funds.

**(e) Analysis of net assets between funds**

	Unrestricted £'000	Funds £'000	Restricted Funds £'000	Endowment Total £'000
Fund balances at 31 March 2005 are represented by:				
Tangible fixed assets	14,560	-	-	14,560
Investments	10,869	4,821	786	16,476
Current assets	26,531	1,569	-	28,100
Current liabilities	(20,320)	-	-	(20,320)
Long-term liabilities	(1,509)	-	-	(1,509)
	<b>30,131</b>	<b>6,390</b>	<b>786</b>	<b>37,307</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2005

### 16. Other Financial Commitments

At 31 March 2005 the group was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2006:

	Land and buildings	
	2005	2004
	£'000	£'000
Operating leases which expire:		
Within one year	1,349	67
Between one and five years	-	500
Over five years	-	779
	1,349	1,346

The retail shop network of Scout Shops Limited was sold to The Outdoor Group Limited with effect from 11 November 2004. At the year end the shop leases were in the process of being transferred to The Outdoor Group Limited and it is expected that this process will be completed by the end of 2005.



## Independent Auditors' Report

to the Trustees of The Scout Association

We have audited the financial statements for the year ended 31 March 2005 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cashflow Statement and related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

This report is made solely to the Trustees in accordance with Section 43 and 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's 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 charity's Trustees 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
- 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 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 Annual 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 and its subsidiaries is not disclosed.

We read the Annual Report, and consider the implications for our report if we become aware of any apparent misstatements within it.

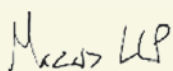
### Basis of audit opinion

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 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 state of affairs of the charity and its subsidiaries as at 31 March 2005 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.



Mazars LLP  
CHARTERED ACCOUNTANTS and Registered Auditors  
Times House  
Throwley Way  
Sutton  
Surrey SM1 4JQ  
6 July 2005

## The Scout Association Committee Structure and Membership April 2004 - March 2005

### 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  
(Gone Home - Apr 2004)  
Sir William Gladstone, KG, Bt, JP  
Lt Col Bill Hall OBE TD DL  
Garth Morrison, CBE, Lord Lieutenant  
of East Lothian  
George Purdy, CBE (from Sep 2004)  
Major-General Michael Walsh, CB, CBE,  
DSO, DL

### The committee of the council

#### Elected members (voting)

Alex Alexander (2002-2005)  
John Asplin (2003-2006)  
Wayne Bulpitt (2004-2007)  
Richard Butler (2004-2007)  
Catherine Cooper (2003-2006)  
Chris Creelman (2002-2005)  
Martin Gerrard (2001-2004)  
Philip Harnby (2004-2007)  
Sandy Jack (2003-2006)  
Christine Jones (2004-2006)  
Neil Leatherland (2002-2005)  
John May (2002-2005)  
Frances Poulson (2003-2004)  
Philip Power (2004-2007)  
Victor Thys (2004-2007)  
Andrew Wellbeloved (2003-2006)  
Daniel Wood (2002-2005)

#### Ex-officio members (voting)

Peter Barnes, Chief Commissioner of England  
David Bull, International Commissioner  
Sue Camper, Chief Commissioner of Wales  
(from May 2004)  
John Capper, Treasurer  
Peter Duncan, Chief Scout (from Sep 2004)  
Jane Lewis, Chief Commissioner of England  
Stuart Little, Chief Commissioner of England  
Eleanor Lyall MBE, Chief Commissioner of  
Scotland (from Apr 2004)  
Peter Nicol, Chief Commissioner of England  
George Purdy CBE, Chief Scout (to Sep 2004)  
Philip Scott, Chief Commissioner of  
Northern Ireland  
Derek Twine, Chief Executive  
Roy Whittington DL, Chief Commissioner  
of Wales (to May 2004)

#### 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, Girlguiding UK  
David McCarthy, Director of Finance  
(to Oct 2004)  
John Palmer, Director Marketing and  
Communications  
Stephen Peck, Director of Programme and  
Development  
Dr Derek Pollard OBE, Chairman, Scouting  
2007 (to May 2004)  
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 Marketing & 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\*

### Sub-committees of the council

\* indicates Member of the Committee of the Council

#### Finance sub-committee

##### Members (voting)

Peter Brierely (to Sep 2004)  
Wayne Bulpitt\* (Chairman)  
Richard Butler\*  
John Capper\* (Treasurer)  
Simon Cook (to Mar 2005)  
Rodney Galpin  
Philip Harnby\* (from Sep 2004)  
Sandy Jack\*  
Jonathan Katz  
David McCarthy (Secretary) (to Oct 2004)  
Roger Moore  
Ian Owen  
Dr Derek Pollard OBE (to May 2004)  
Philip Power\* (to Sep 2004)  
Alan Roberts (to Mar 2005)

#### 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 (to May 2004)  
Managing Director, Scout Insurance Services Ltd (from Apr 2005)  
Representative of the Scottish Scout Council

### General purposes sub-committee

#### Members (voting)

Alex Alexander\* (from Sep 2004)  
Paul Barber  
Martin Gerrard  
John Palmer  
Martin Payne (to Sep 2004)  
Philip Power\* (from Sep 2004)  
Ben Richardson (to Mar 2005)  
Ray Salisbury  
Roger Sands  
David Shelmerdine (Secretary)  
Victor Thys\* (Chairman)  
Andrew Wellbeloved\* (to Sep 2004)  
Dan Wood\*

#### Right of attendance (non-voting)

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

### Programme & development sub-committee

#### Members (voting)

Alex Alexander\* (to Sep 2004)  
Daljit Singh Aubby (from Sep 2004)  
Richard Butler\*  
Amir Cheema (from Sep 2004)  
Catherine Cooper\*  
Graham Coulson  
Chris Creelman\*  
Joanna Danbury (to Sep 2004)  
Christine Jones (from Sep 2004)  
John May\* (Chairman)  
Stephen Peck (Secretary)  
Frances Poulson\* (to Sep 2003)  
Fr. John Seddon  
Roger Starr  
Richard Wade  
Andrew Wellbeloved\* (from Sep 2004)

#### 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

## Census of Membership

January 2005

### Youth Membership

Beaver Scouts	97,255
Cub Scouts	133,682
Scouts	98,678
Explorer Scouts	26,033
Scout Network	*1,908
<b>Total Youth Membership</b>	<b>357,556</b>

\* 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 e.g. as Leaders.

### Leadership

Section Leaders	46,189
Group Helpers & Skills Instructors	14,148
Group Scout Leaders	5,408
District Skills Instructors & Advisers	854
District Scouters	956
Commissioners in Districts	2,557
County Skills Instructors & Advisers	564
County Scouters	380
Commissioners in Counties	696
<b>Total Leadership</b>	<b>71,752</b>

### Organisational Support

District Administrators	1,368
District Officer Bearers	2,059
County Administrators	260
County Office Bearers	304
Scout Fellowship	8,424
Individual Members & Associate Members	4,277
<b>Total Organisational Support</b>	<b>16,692</b>
<b>Total Membership</b>	<b>446,000</b>

Beaver Scout Colonies	6,797
Cub Scout Packs	8,122
Scout Troops	6,655
Explorer Scout Units	1,911
Scout Networks	237
Scout Fellowships	823
Scout Groups	7,639
Scout Districts	848
Scout Counties and Areas	114

## 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 Executive and sub-Committees met quarterly. During the year a number of County and Area Commissioners exercised their right of attendance at meetings of the Committee. National Commissioners were also present at some meetings.

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 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 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. An induction training programme is provided for all new trustees.

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

The Committee maintains, and keeps under regular review, a business risk management record which identifies potential risks to the key functions of the Association.



### **The Scout Association's Partners**

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

The British Computer Society  
Chessington World of Adventure  
Chubb Fire Ltd.  
CLIC Sargent  
Corporation of Trinity House  
English Heritage  
Environment Agency  
Eurosource Europe Ltd  
Exel  
Goldman Sachs  
Halifax Bank of Scotland  
Iceland Air  
Jeff Duncanz  
The Jessops Group Ltd.  
Ken Kittelberger  
Jack Petchey Foundation  
Legoland  
Raleigh UK Ltd.  
Meteorological Office  
The Milly Apthorpe Charitable Trust  
The Minibus Club  
National Maritime Museum  
Orange Glo Europe Ltd.  
Ordnance Survey  
Royal Navy  
Venture Abroad  
WWF

Gilwell Fellow  
• Nelson Block

### **Patron and President**

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

### **Bankers**

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

### **Auditors**

Mazars LLP  
CHARTERED ACCOUNTANTS  
and Registered Auditors  
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

### **Chief Executive**

Mr. Derek M Twine

### **The Scout Association**

Gilwell Park  
Chingford  
London E4 7QW  
Tel 020 8433 7100  
Email [scout.association@scout.org.uk](mailto:scout.association@scout.org.uk)  
Fax 020 8433 7103  
Web [www.scouts.org.uk](http://www.scouts.org.uk)

### **Scout Information Centre**

Tel 0845 300 1818  
Email [info.centre@scout.org.uk](mailto:info.centre@scout.org.uk)  
Fax 020 8433 7103

### **Scouts Reunited**

Gilwell Park  
Chingford  
London E4 7QW  
Tel 020 8433 7100  
Email [scoutsreunited@scout.org.uk](mailto:scoutsreunited@scout.org.uk)  
Fax 020 8433 7103  
Web [www.scoutsreunited.co.uk](http://www.scoutsreunited.co.uk)

### **Scout Shops Ltd**

Lancing Business Park  
Lancing  
West Sussex  
BN15 8UG  
Tel 01903 755352  
Email [enquiries@outdoors.ltd.uk](mailto:enquiries@outdoors.ltd.uk)  
Fax 01903 750993  
Web [www.scouts.org.uk/shop](http://www.scouts.org.uk/shop)