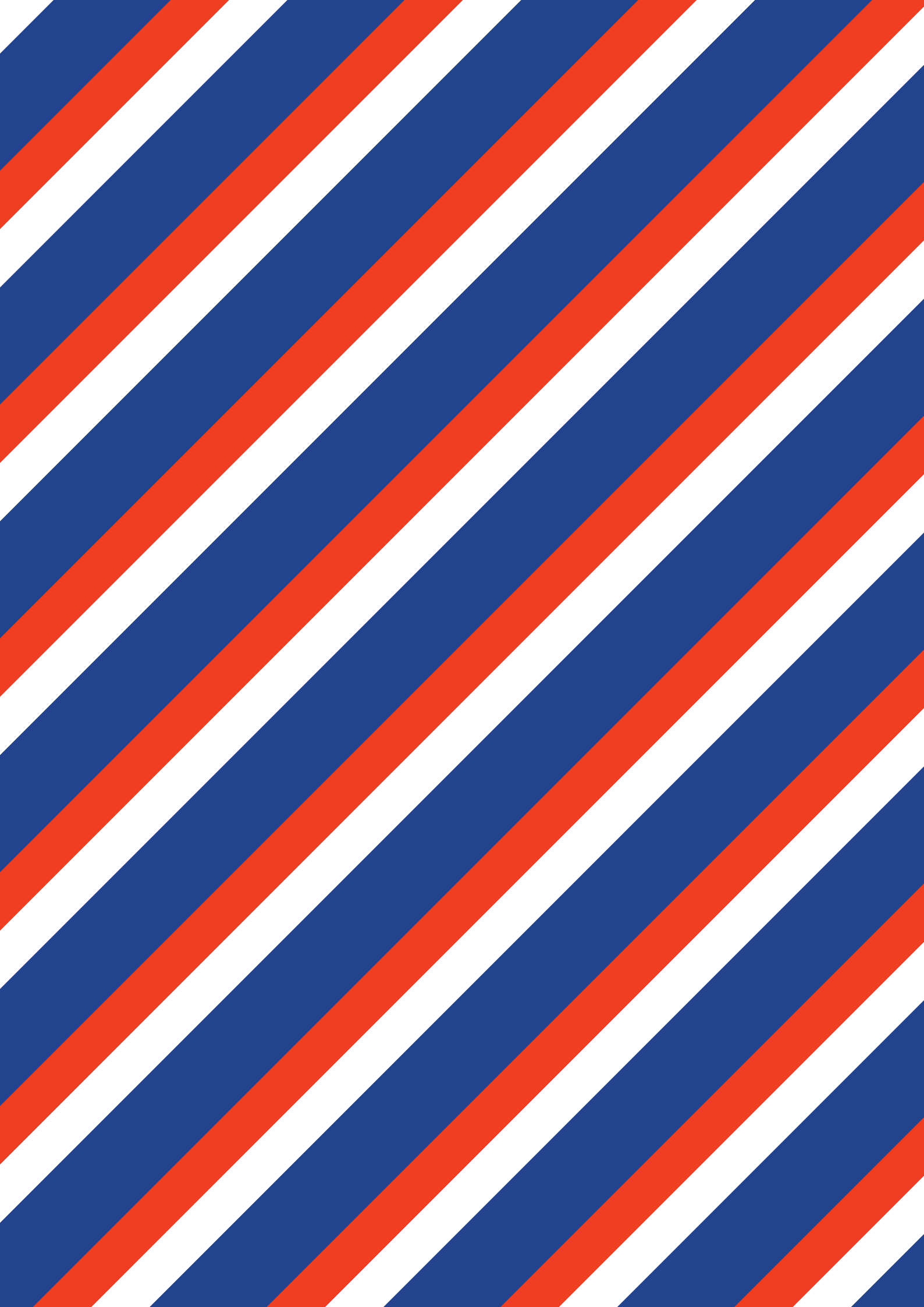


Annual report
and accounts
2018–19

18
19



Scouts



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Welcome from the Chair

An amazing year of progress

Not every organisation can say they've significantly grown their membership over the last decade. With 638,798 adult and youth members at our latest count, we're proud to say that we have. Youth membership (6-25 year olds) alone has grown by more than 22%. To make sure this growth continues, we've spent the last year rolling out a new brand and a new strategy, hitting new milestones, and leading on innovative projects such as a digital programme planning tool and early years' pilots.

Why are we working so hard to be the best we can be? Because what Scouts offers is needed more than ever. Society is becoming more divided, but we bring people together. When many young people are struggling to find a sense of self and a feeling of belonging, Scouts helps them ask big questions and listen with open minds. It helps them to speak up, think on their feet, and make an impact in their communities. Young people can find their place in the world by developing the skills they need to succeed and having a positive vision of their future. Scouts gives young people hope.

This is most obvious when we look at our work in disadvantaged communities. Over the past five years, we've opened 1,280 provisions in areas of deprivation, supported by over 4,000 new volunteers. Now, nearly 20,480 more young people from disadvantaged communities are a part of our movement.

Looking more closely at inclusion, something that's at the heart of our Skills for Life strategy, we have more girls and young women in Scouts than ever before. We've also been able to grow opportunities for young Muslims to participate in Scouts, leading to an increase of nearly 5,000 Muslim members.

So, as our membership increasingly reflects the diversity of our society, how are we making a positive difference?

This year, a quarter of a million Scouts took up community impact opportunities. An impressive 22,000 Scouts are now trained as Dementia Friends, and over 18,000 young people have become Young Leaders, giving them their first taste of volunteer leadership. It's exciting to think about the difference our members might make over the next year.

And there's more to look forward to. We recently launched a digital tool for volunteers, helping them plan two years' of activities for the Cub section quickly and easily, while giving young people the opportunity to gain the top awards (and the highest number of skills) in Scouts. We'll be expanding this to include the other sections over the next couple of years. We've also started looking into Scouts for four and five year olds. Independent research suggests that the earlier a young person accesses non-formal education, the more positive their prospects, so with funding from the Department for Education, we've launched six pilots to test the impact, programme quality and feasibility of various options, with another eight pilots to follow. The Duchess of Cambridge is among those waiting to see how the project goes – she visited UKHQ earlier this year to learn more about our research – and we look forward to sharing the results with the movement.

However, there's always more we want to do.

84% of volunteers have said they are supportive of our Skills for Life strategy. As we work towards achieving our goals, we want to see even more volunteers behind it, incorporating it into what they do. If we're all following the same strategy, we'll make our movement bigger, stronger, kinder, and more impactful.

It's people who are behind Scouts: the volunteers and staff demonstrating their incredible skills; each playing their part and doing whatever it takes to make this movement what it is. Thanks to them, it's been an amazing year of progress. Thank you also to all of our supporters and funders. I'm proud to be part of an organisation that's achieved so much for young people and for our wider communities. I'm excited to see what the next year brings – I hope you are too.



Ann Limb
Chair, Scouts

Our purpose and method

Scouts actively engages and supports young people in their personal development, empowering them to make a positive contribution to society. In partnership with adults, young people take part in fun indoor and outdoor activities. They learn by doing, by sharing in spiritual reflection and by taking responsibility. They make choices, undertake new and challenging activities, and they live their Scout Promise.

Scouts' Trustees have a duty to report on Scouts' public benefit in their Annual Report. We've assessed our aims, activities and charitable objectives, which are to contribute to 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. We believe that we've met the Charity Commission's public benefit criteria for both the advancement of education, and the advancement of citizenship and community development. Scouts complies with two key principles set by the Commission with regard to public benefit:

1. Identifiable benefit

The way in which Scouts helps young people in their personal development, empowers them to make a positive contribution to society; this benefit is directly linked to the purpose of Scouts.

2. Public benefit

Scouts is a national movement open to young people aged 6-25 and to adults. Full membership is restricted to young people and adults who are willing to make the Scout Promise. Scouts enables those in areas of deprivation to benefit from its programmes; while Scouts charges a subscription to its members, access to the benefits of Scouts is not constrained by a member's ability to pay. Locally, there are arrangements to waive subscriptions and other costs for those who face financial hardship. Nationally, there are funds available for uniform and to defray the cost of activities so that young people are not excluded from Scout on purely financial grounds. The benefits of Scouts are further demonstrated throughout this report.

Vision and strategic objectives

Our vision for 2023

By 2023, we will have prepared more young people with skills for life, supported by amazing leaders delivering an inspiring programme. We'll be growing, more inclusive, shaped by young people and making a bigger impact in our communities.

Our goals

Our plan is to build on the success of the previous plan: to continue to grow, to become more inclusive, to be shaped by young people and to make a bigger impact in our communities. We've set new goals for 2023.

More information is available at scouts.org.uk/ourplan

Skills for Life

Our plan to prepare better futures

2018-2023

Our vision

By 2023 we will have prepared more young people with skills for life, supported by amazing leaders delivering an inspiring programme.

We will be growing, more inclusive, shaped by young people and making a bigger impact in our communities.

Our mission

Scouting actively engages and supports young people in their personal development, empowering them to make a positive contribution to society.

Our values

We act with care, respect, integrity, cooperation, exploring our own and others' beliefs.

Our goals

By delivering this plan we will achieve the following goals against our four objectives:

Growth

- 50,000 more young people
- 10,000 more Section Leaders
- 5,000 more Young Leaders

Inclusivity

- Our volunteers reflect the demographics of our society
- In 500 more areas of deprivation

Youth Shaped

- 250,000 young people shape their experience at Scouts each year
- Half of our young people achieve top awards

Community Impact

- 250,000 young people making a positive impact in their local communities each year
- Half of our young people achieve top awards

Our three pillars of work

To support the movement to achieve these objectives, we will focus on three pillars of work:

Programme

A fun, enjoyable, high quality programme consistently delivered and supported by simple (digital) tools.

People

More, well trained, better supported and motivated adult volunteers, and more young people from diverse backgrounds.

Perception

Scouts is understood, more visible, trusted, respected and widely seen as playing a key role in society today.

Growth

Scouts succeeds when we offer opportunities to as many young people as possible. To keep growing, we need to recruit enough adult volunteers to open new sections and provide an inspiring programme.

Our growth goals

By 2023:

- we'll have 50,000 more young people aged 6-18 in Scouts
- we'll have 10,000 more Section Leaders (including Assistant Section Leaders)
- we'll have 5,000 more Young Leaders

Progress on growth

As a movement, our membership has grown over the last decade to a total of 638,798 adult volunteers and young people.

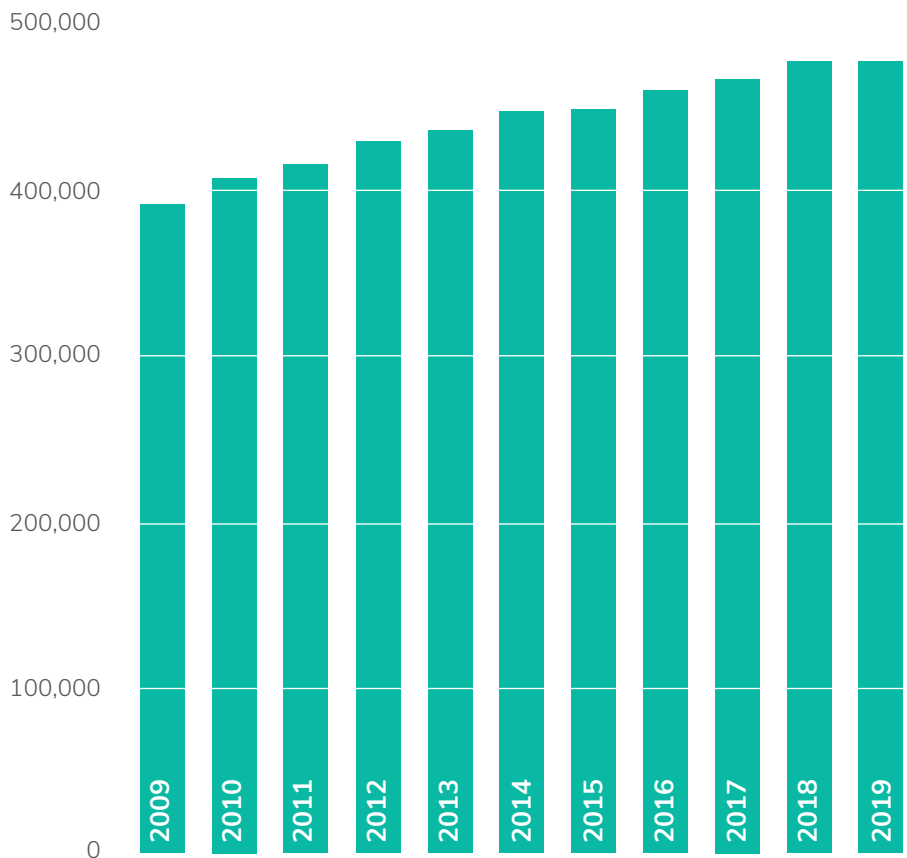
Over the last 10 years, youth membership (6-25) is up by 22%, a growth of over 85,000 more young people since 2009. However, this year there's been a decrease in 6-25 membership of 0.1%.

Section Leaders (including Assistant Section Leaders) have increased by 0.8% this year, a growth of nearly 700 frontline volunteers. We have over 60,000 young people on the waiting list, so will focus on increasing opportunities for them to join our movement.

We wanted to see more young people participating in the Young Leaders scheme. This year 500 young people have joined the scheme – an increase of 2.8%. We want to continue this positive trend, bringing skills for life to more young people across the UK.

What's next?

We're going to focus on starting new sections and recruiting more leaders. We'll be producing new resources to help leaders recruit more volunteers and grow their Groups.



Youth membership (6-25) over the last 10 years

Source: Census

**‘Scouts
made me
a do-er
and
a give it
a go-er.’**

**We have nearly 700 more
frontline volunteers than last year.**

**‘Scouts
made me
question and
listen and
have a
wide-open
mind.’**

**Today, we have 112,000 female youth members
– more than we’ve ever had before.**

Inclusivity

Everyone, regardless of their background, should be able to participate in Scouts. It's a priority for us to reflect the diversity of the communities we're in.

Our Inclusivity goals

By 2023:

- we'll have started Scouts in 500 more areas of deprivation, reaching young people who could benefit the most
- our adult volunteers will reflect the demographics of our society

Progress on inclusivity

In the Skills for Life plan, we recognise that more work is needed to make sure that Scouts reflects the diversity of our society. Our focus has been on bringing opportunities to some of the UK's most disadvantaged communities. In the last five years alone, a total of 1,280 provisions have opened in areas of deprivation, supported by over 4,000 new volunteers. Of these sections, 222 are in the UK's top 10% most deprived areas. This means that nearly 20,480 young people from the toughest to reach communities are now a part of Scouts.

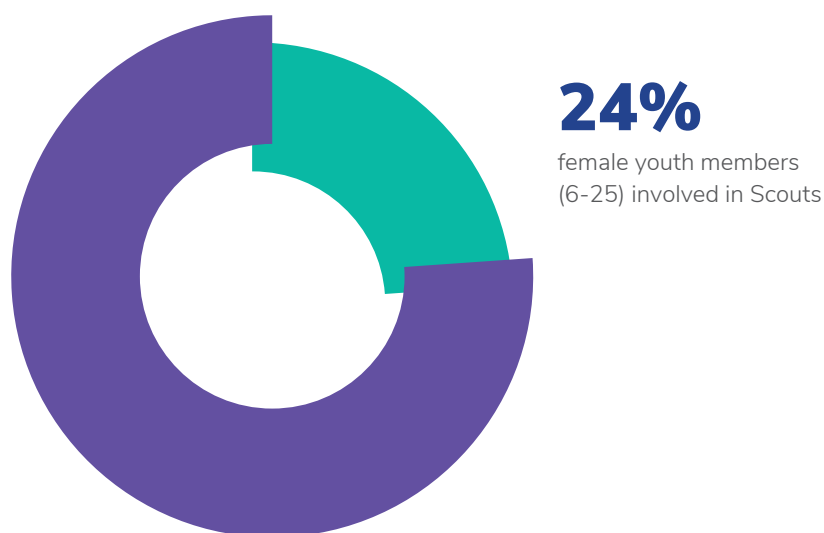
In addition to this, there are now 112,000 female youth members (6-25) involved in Scouts; more than ever before, and an

increase of 4% on last year. We've also worked with our Muslim Scout Fellowship to increase opportunities for young Muslims to participate in Scouts. As a result, nearly 5,000 Muslim members have joined us.

In April 2019, we released new resources and training on autism, to support adult volunteers with the knowledge and skills to support autistic young people to fully participate in Scouts. We were pleased to announce that, through our partnership with the National Autistic Society, we're now able to provide eLearning to all our members to enhance their knowledge of autism.

What's next?

We'll work towards opening 500 new Scout sections in the top 30% most deprived areas in the UK. We've received funding to continue the work with our Muslim Scout Fellowship and we'll continue working in partnership with the National Autistic Society to support autistic members.



Percentage of female youth members (6-25) involved in Scouts.
Source: Census 2019

Youth Shaped

Every young person should be shaping their experience and developing the skills they need to be a great leader. Giving young people opportunities to use their voice is an important part of developing future leaders. We believe that if young people shape Scouts, they'll improve Scouts, and will be more likely to achieve their top awards.

Our Youth Shaped goals

By 2023:

- 250,000 young people will be shaping their Scouts experience each year
- 50% of young people will be achieving the top awards

Progress on youth shaped

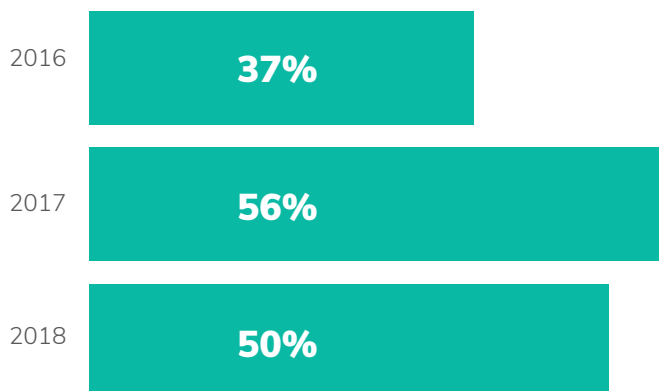
This year, to make sure that the Scout programme is youth shaped, we proposed the introduction of a Youth Shaped Award. During YouShape month, we asked young people, Youth Commissioners and Section Leaders to input their ideas and provide feedback on the proposed Youth Shaped Award. The consultation is now complete, ready for the next stage.

As well as shaping the programme, the youth shaped objective aims to increase the number of young people in leadership positions. Currently, we have 552 local Youth Commissioners in place – that's 156 more since last year's report.

The Scout Experience survey 2018 showed that 74% of young people (aged 13-17) agree that they use their skills to help run Scout activities for other young people. It also highlighted that 50% of young people agreed that their views influence what happens in Scouts locally. Our focus continues to be on supporting young people to take up leadership positions and to achieve their top section awards.

What's next?

We're going to review the feedback gathered during the Youth Shaped Award consultation, and work on the award for consideration and approval early next year. We'll continue to focus on increasing the number of young people achieving their top awards.



Percentage of young people aged 13-17 who believe that their opinions influence decisions in local Scouts.

Source: Scout Experience Survey 2016-2018

**‘Scouts
made me
take a
deep breath
and
speak up.’**

**In the last year, 156 more young people have become
Youth Commissioners.**

**‘Scouts
made me
see the big
picture,
jump in,
and give
back.’**

**Over 22,000 young people in Scouts
are trained Dementia Friends.**

Community Impact

Through social action, Scouts makes a difference not just to the individual but to whole communities. A vital part of a great programme is running quality community impact projects, and these projects take planning and time. A Million Hands, our campaign to mobilise members in support of a selection of social issues chosen by our young people, provides 'off the shelf' resources for leaders, making it easier to deliver the Community Impact Staged Activity Badges. Participating in community impact projects is essential for achieving the top awards.

Our Community Impact goals

By 2023:

- at least 250,000 young people will be making a positive impact in their community each year
- 50% of young people will be achieving the top awards

Progress on community impact

According to the Your Programme Your Voice 2017 survey, 56% of sections were taking part in community impact projects and we know that, through A Million Hands, over 250,000 young people were signed up to take part in community impact projects. A Million Hands has also led to over 22,000 young people being trained as Dementia Friends, and we recently produced joint resources with the Canal and River Trust to tackle plastic pollution.

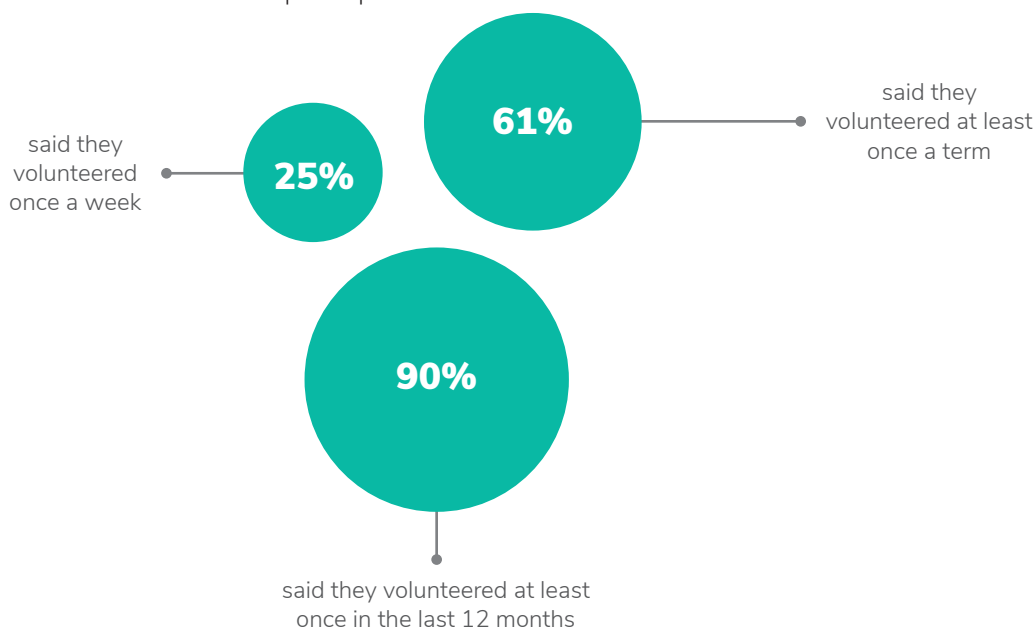
What's next?

To make sure at least 250,000 young people continue to make a positive difference in their communities, we're rolling out a second round of community impact project themes and charity partners for the next phase of A Million Hands. These partners have been selected by young people.

They've chosen to focus on:

- better mental health for all, with Mind, Inspire and SAMH
- supporting refugees and displaced people, with Save the Children
- understanding disability, with the National Autistic Society
- protecting our environment, with the WWF
- ending homelessness, with Crisis
- kindness in every community, with the British Red Cross

We're excited to work with each of these partners as we look to build on the last partnerships' successes.



Percentage of young people aged 13-17 who stated they volunteered to help other people or the environment.

Source: Scout Experience Survey 2018

Three pillars of work

In order to reach our goals, more support is needed. Our three pillars of work; programme, people and perception, is a plan of action to support members more and to extend our reach so that we impact the lives of more young people across the UK.

Over the past year, a huge amount of work has been put into our three pillars, with incredible success already.



Programme

Our aim

A fun, enjoyable, high quality programme consistently delivered and supported by simple (digital) tools.

Progress a year on...

Support quality programmes

- We've rolled out a programme planning tool for running activities for the Cubs' section.
- We'll continually develop the programme planning tool, adding new content and providing updates based on user feedback.
- We've developed an 'off the shelf' two-year programme for the Cubs' section, which can be accessed through the programme planning tool.
- We're currently working on the 'off the shelf' programme for Beavers, which will be ready this year.

Review the offer for 14-25 year olds

- We've partnered with the NCS Trust to explore whether we could deliver the National Citizen Service programme and recruit NCS graduates into Scouts. We're now going to pilot some approaches.
- We're in the process of conducting research into the delivery of the Duke of Edinburgh Award in areas of deprivation to improve and extend the delivery of the Duke of Edinburgh partnership to those who'd benefit most.

People

Our aim

More, well trained, better supported and motivated adult volunteers, and more young people from diverse backgrounds.

Progress a year on...

Improve the volunteer journey

- We've launched a beta website in order to improve access to the information that our volunteers need: this website will continually be updated based on user feedback.
- We're currently undergoing a research, evaluation and consultation phase for understanding the adult journey, including the appointments and induction process, and ongoing training and support.

Extend our reach

- We've continued to open new sections in areas of deprivation and have secured additional external funding to continue this work.
- We've secured funding to open 40 pilots in areas of deprivation, testing three different models of delivering the benefits of Scouts to four and five year olds. An external evaluation partner is going to visit pilots and measure the impact of our pilot programme, assessing quality and the feasibility of provision. We're also testing ways to recruit, train, and induct more volunteers from different backgrounds. We'll be running 11 consultations events, gathering the views of our membership to help shape the future programme and delivery models.

Perception

Our aim

Scouts is understood, more visible, trusted, respected and widely seen as playing a key role in society today.

Progress a year on...

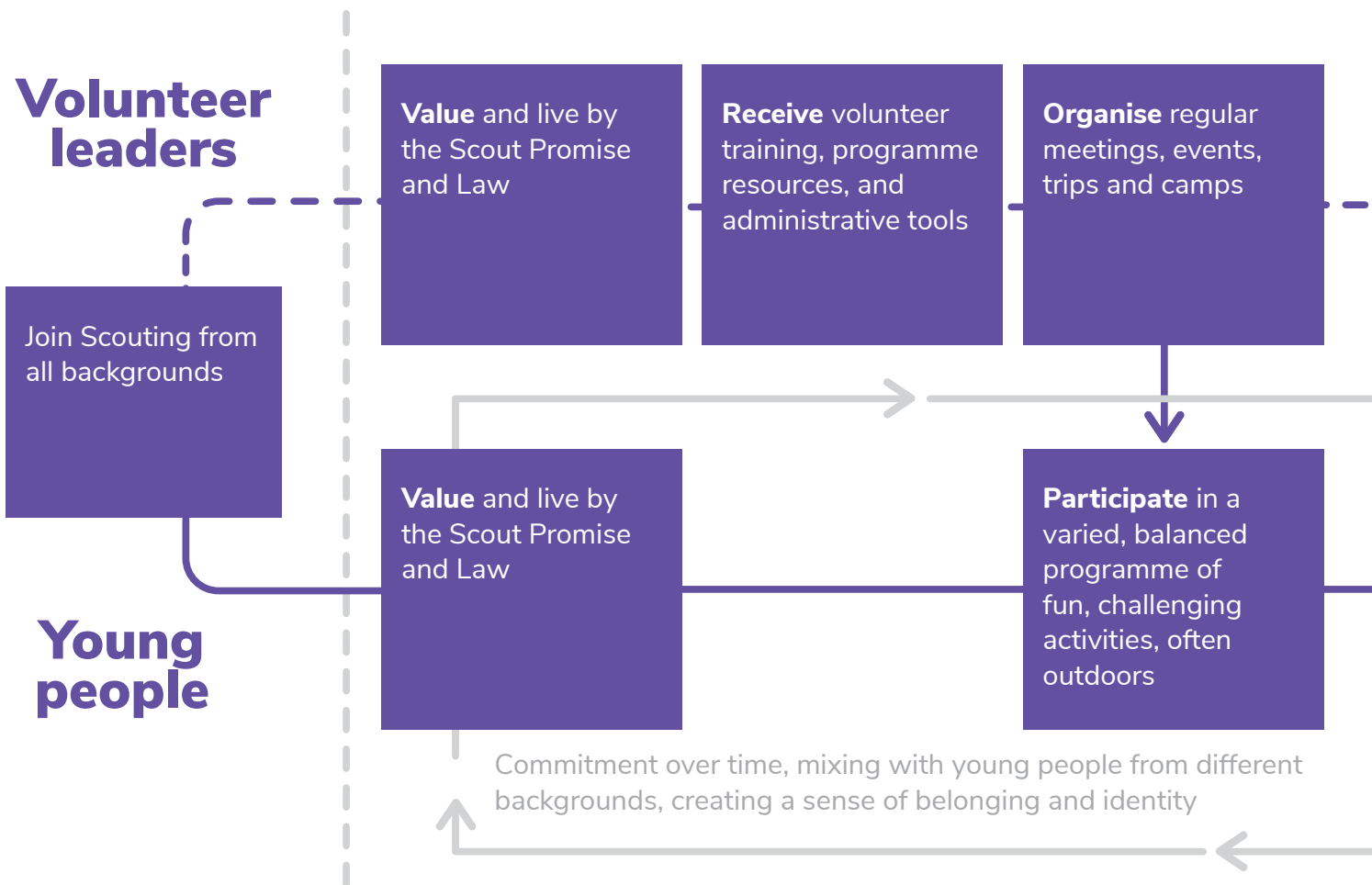
Transforming our image

- In May 2018, we shared our Skills for Life brand and new visual identity. It was well received by members, the media and the public alike, and has won several sector and industry awards.
- Across the UK and across the nations, Groups, Districts, Counties, Areas and Regions are making the transition to the new identity and the focus on skills for life. Around three quarters of Counties, Areas and Regions and about 50% of Districts have already made progress in transitioning in the first year, ahead of the May 2020 deadline.
- We've developed new approaches to talk about Scouts, released an award-winning new brand film called 'Nat's Story', and updated our rules and guidance on Scout trademarks. The new Scout brand centre now has 18,000 users.
- We've appointed Warwick Davis as our 11th Scout Ambassador. Our team of ambassadors is helping us change perceptions of Scouts and raising national awareness, extending our reach to new and different kinds of people.
- Prepared for a public and movement-wide consultation on what we wear at Scouts, with the understanding that we will remain a uniformed movement.

Theory of Change

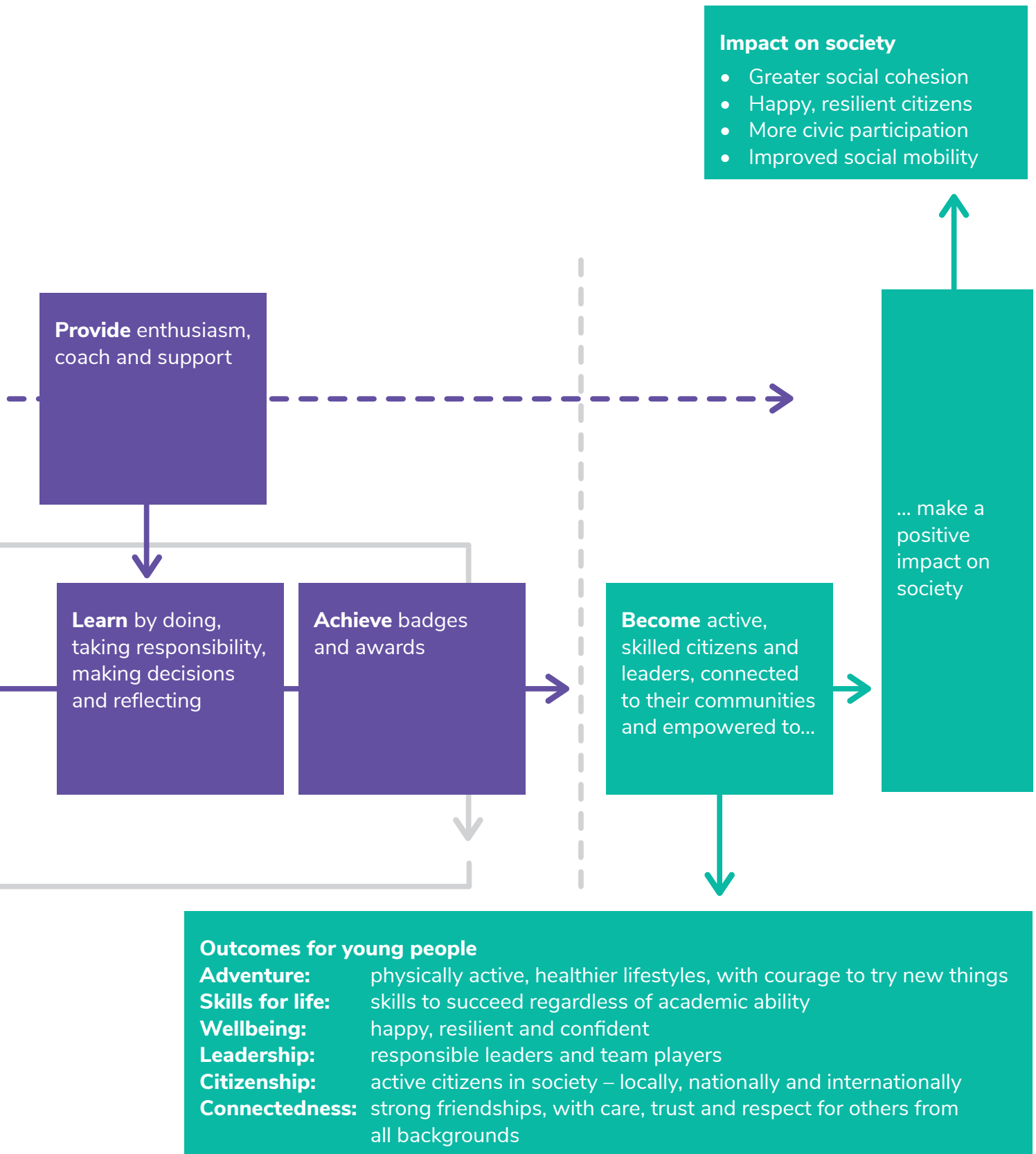
Our theory of change shows the positive difference Scouts makes in society. We welcome young people and volunteers from all backgrounds. At Scouts they learn and share skills, enjoy an engaged and varied programme of activities, honour the Scout values and become active citizens of a connected community. We produce happier, more resilient citizens who work together towards greater social cohesion and an undeniably better world.

Over the last two years, we've conducted research with 13-17 year olds through the Scout Experience Survey. Based on responses to a variety of questions about their daily lives, activities, interests, citizenship and wellbeing, the research compares the experience of young people aged 13-17 who are not Scouts with those of the same age group who are, in order to gauge the impact that our movement is making.



The results of this research show that Scouts is bringing out the best in people, and that those people are contributing more to their communities. It shows that compared with young people who are not part of our movement, Scouts are learning more skills, volunteering more often, and contributing to a kinder, more cohesive society.

The role of volunteers delivering an amazing programme is vital to the impact that Scouts is making.



The impact of Scouts on young people

The 2018 Scout Experience survey results identified that 26 out of the 30 outcomes we measured showed that Scouts have a higher score than those who are not Scouts.

Adventure – Scouts are physically active, value the outdoors and have the courage to try new things

- Scouts are reported to be almost a full (0.9) day per week more physically active than those not in Scouts.
- When it comes to valuing the outdoors, Scouts score 18% higher.
- Scouts are 8.6% more likely to try new things.
- Scouts are 16% more likely to have the courage to take risks and tackle challenging activities

Skills for Life – Scouts gain skills to succeed regardless of academic ability

- Scouts are problem solvers. They score 7.6% higher in this area than those not in Scouts.
- Scouts score 15.6% higher on independence.
- Scouts communicate more effectively, scoring 9.3% higher.

Wellbeing – Scouts are happier, more resilient and confident

- Scouts score 5.8% higher on happiness than those not in Scouts.
- Compared to those not in Scouts, Scouts score 4.8% higher on perseverance and grit.
- Scouts score 2.7% higher on confidence and self-esteem.

Leadership – Scouts are responsible leaders and team players

- When it comes to being responsible and trustworthy, Scouts score 7.7% higher than those not in Scouts.
- Scouts score an impressive 12.7% higher on leadership.
- Scouts are team players. They scored 6% higher on this outcome.

Citizenship – Scouts make good citizens

- When it comes to giving to others, Scouts score 6% higher than those not in Scouts.
- Scouts are over 5% more likely to vote in the next general election.
- Scouts volunteer to help others or the environment for almost six hours more every month than those not in Scouts.
- Scouts feel a sense of responsibility to people in their local community. They score almost 10% higher on this outcome.
- Scouts score 9.3% higher on having friends in other countries.

Connectedness – Scouts make strong friendships and respect differences in people

- Scouts score 5.3% higher on meaningful relationships than those not in Scouts.
- Scouts are caring, scoring 5.7% higher in this area than those not in Scouts.
- Scouts feel 4.3% warmer towards people from race or ethnic backgrounds different from their own.
- Scouts score 7.8% higher when it comes to getting along well with people of different races, cultures, and religions.
- Scouts feel 5.3% warmer towards those from religious backgrounds different from their own.
- Scouts feel 4.1% warmer towards elderly people.
- Compared to those not in Scouts, Scouts are 11.8% more trusting of people.
- Scouts feel 5.7% warmer towards people who are gay or lesbian.

16%

Scouts are 16% more likely to have the courage to take risks and tackle challenging activities.

9.3%

Scouts communicate more effectively, scoring 9.3% higher than those not in Scouts.

4.8%

Compared to those not in Scouts, Scouts score 4.8% higher on perseverance and grit.

12.7%

Scouts score an impressive 12.7% higher in leadership than those not in Scouts.

10%

Scouts feel a sense of responsibility to people in their local community. They score almost 10% higher on this outcome.

5.7%

Scouts are caring, scoring 5.7% higher in this area than those not in Scouts.



Our high-profile supporters help us tell the world about Scouts: (clockwise from top left) Chief Scout Bear Grylls meets Explorer Scouts at Windsor; HRH Duchess of Cambridge, a Scout volunteer with great interest in our early years work; Bear with Scout Ambassadors Steve, Warwick, Dwayne, Ellie and Julia; Warwick Davis visits a local Group.

Our finances

Financial review

The Association's accounts have been prepared in accordance with the Statement of Recommended Practice, (Accounting and Reporting by Charities) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102, effective from 1 January 2015) and known as the Charities SORP (FRS 102), and the Charities Act 2011.

Consolidation:

These accounts consolidate the results of The Scout Association and its five wholly owned trading subsidiaries:

- Scout Shops Limited (trading as Scout Store)
- Scout Insurance Services Limited (trading as Unity)
- Scout Services Limited
- Scout Insurance (Guernsey) Limited
- World Scout Shop Limited

With the exception of Scout Insurance (Guernsey) Limited, which makes dividend payments to the Association, all other subsidiary trading companies covenant their annual taxable profits to their parent charity, The Scout Association. More information on these companies is included in note 11 to the financial statements.

Financial highlights:

- Over the past decade youth membership (age 6 to 18) has grown by 19%, an increase of circa 73,000 to 459,809 in 2019. This year there has been a small decline of 0.4% in the 6-18 age range or a 0.1% in the 6-25 age range (which includes our Network section members).
- Our total income of £37.0m was £2.0m up on last year (2018: £35.0m). Our restricted income was £1.5m, down on last year (2018 £2.5m) as we received no restricted legacies this year and last year we received a one-off grant.

- Our unrestricted income of £35.5m was up £3.0m on last year (2018 £32.5m). The increase in unrestricted income is due to £1.0m of unrestricted legacy income and other donations, £2.3m increase in other trading income, largely at Scout Shops Limited, an additional £0.3m from membership fees, offset by a reduction of £0.9m from charitable activities.
- Our charitable expenditure was £29.7m, up £2.0m on the previous year (2018 £27.7m).
- The Consolidated Statement of Financial Activities shows net negative movement in funds for the year of £0.5m (2018: positive movement of £1.2m) before pension and currency valuations.
- The contribution from our trading subsidiaries was £6.4m (2018: £5.6m).
- It is estimated that through sales discounts and arrangements by our subsidiaries with District Scout Store and other Scouting retail outlets, an additional £1m has been generated and retained in local Groups, Districts, Areas and Counties.
- Our total unrestricted and designated funds decreased by £1.6m to £32.7m after deducting the pension deficit (2018: £34.3m). Our free unrestricted reserves increased by £0.6m from £9.9m at 31 March 2018 to £10.5m at 31 March 2019.

Financial results

The Association's financial result, before recognised gains and losses and other revaluations, was a deficit of £0.5m for the year compared with the previous year's surplus of £1.2m. The result is made up of an unrestricted operating surplus of £0.1m, with a deficit of £0.6m on restricted funds.

The net movement in funds (as shown in the Consolidated Statement of Financial Activities (SOFA) on page 31 for both 2019 and 2018) include several one-off items: £0.3m positive (2018: £0.3m negative) fair value adjustment for the US dollar currency forward contract in place for the Jamboree, and £2.0m charge (2018 release: £0.3m) in the pension scheme deficit as a result of the FRS102 annual accounting valuation of the pension scheme. Overall, there was a net reduction in funds of £2.3m (2018: £1.2m increase).

In addition to the annual accounting valuation required under the accounting standard FRS102, the triennial valuation carried out, as at March 2016, by the scheme actuaries on behalf of the Pension Scheme Trustees, had disclosed an increase in the deficit. This had resulted in a new deficit reduction plan which the Association agreed with the Pension Trustees. It included a one-off cash injection of £3m which was paid in 2017/18, to be followed by a further contribution of £2m which is expected to be funded from the sale of assets. The payment of the £3m had resulted in the reduction in the FRS102 pension deficit calculation to £8.5m but the latest FRS102 valuation has shown an increase in the deficit to £10.4m.

Income

Total revenues for the year amounted to £37.0m compared with £35.0m in 2018 – a net increase of £2.0m or 5.7%, largely driven by our trading operations which include the retail sales made by Scout Shops Limited and World Scout Shop Limited, sponsorship and promotional income together with non-Scouting revenues generated by 65 Queen's Gate and the Gilwell Park Conference Centre. This income increased overall by £2.3m to £12.4m. It was an excellent year for our trading subsidiaries and a good year for sponsorship income which increased by £0.2m, or 40% in the year. Donations, legacies and similar income amounted to £2.9m, a small increase of £0.1m on the £2.8m received in 2018.

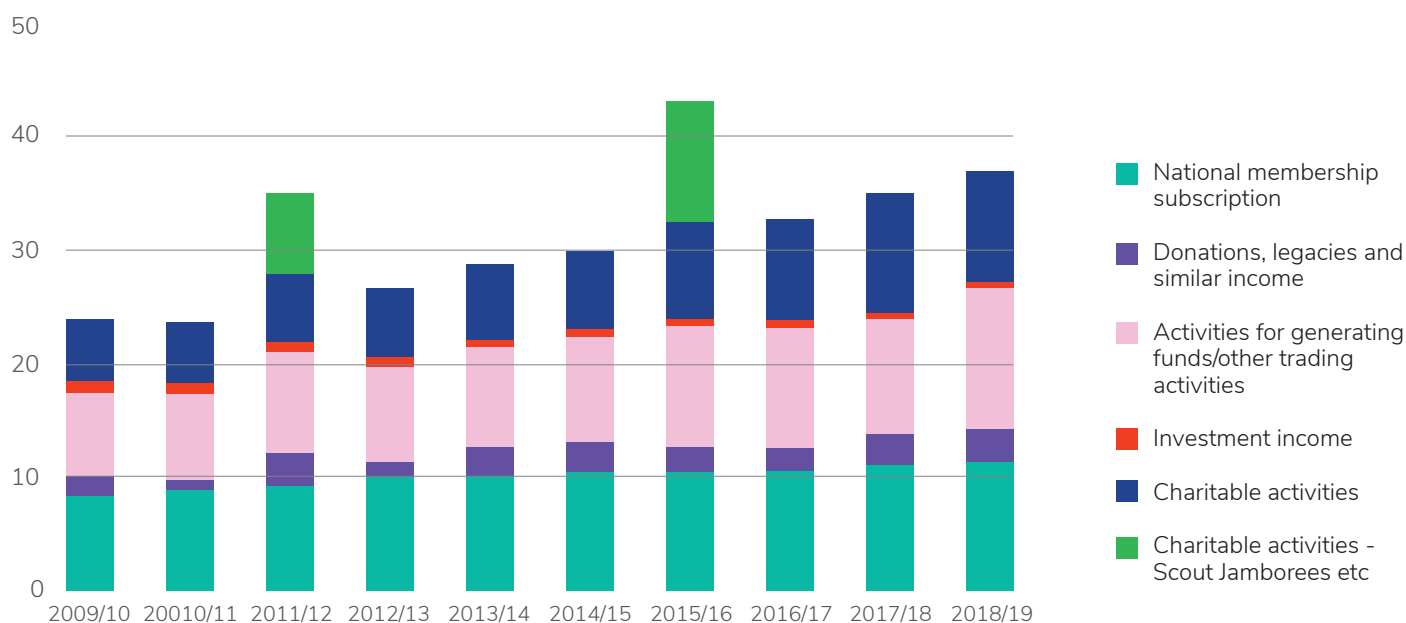
The Trustees agreed that from April 2016 the UK Headquarters' membership subscription would be calculated based on the number of Beavers, Cubs, Scouts and Explorers in each County/ Area/ Region (Scotland) census. In April 2017, in response to the increasing operating costs of the Association, particularly the expenses of vetting and safeguarding, the Trustees agreed to increase the membership fee, which had not risen since 2012, by £1 for the 2019 year and by at least 50p for the 2020 year. Without an increase, the free reserves levels were predicted to decline to between three and four months' expenditure over the next three years. The impact of safeguarding costs is considered, by the Senior Leadership Team, to be significant and unlikely to decline within the foreseeable future. However, no adult member (over the age of 18) is required to pay the Headquarters' membership fee, regardless of whether he or she is a member of Network or is a Young Leader.

Dividends from Scout Insurance (Guernsey) Limited are expected to reduce compared with earlier years and we anticipate that the triennial valuation of the Defined Benefit Pension Scheme as at March 31, 2019 will result in the need for increased annual payments. The total amount of £11.3m received in membership subscriptions was £0.3m or 3% up on the previous year, partly as a result of the fee increase and partly due to the 2.1% increase in youth members last year.

Unrestricted donations increased by £1.0m to £1.5m as we benefited from the receipt of unrestricted legacies. Investment income increased by 21% to £0.6m. The level of income from investments and deposits remains below historic trend due to continuing low interest rates.

Income from charitable activities arises through the sale of goods and services as part of the charitable activities of the Association and of ancillary trading in support of its primary purpose. These include camping, training, activity and accommodation charges at 65 Queen's Gate, Gilwell Park and the other National Scout Adventure Centres. In addition, it includes insurance commissions earned by Scout Insurance Services Limited (trading as Unity) and premiums written by Scout Insurance (Guernsey) Limited. Income from charitable activities declined by £0.9m of which £0.8m was accounted for by not holding Roverway this year. The insurance business revenues continue to grow, increasing by £0.1m during the year.

Table 1 – Total Income 2019 - £37m (2018 - £35m)



Expenditure

Total expenditure during the year amounted to £37.5m (2018: £33.8m). There was a £1.6m increase in the cost of our trading activities in response to their increased revenues, an additional £0.3m spent on fundraising and £2.0m more spent on charitable activities.

Grants paid increased by £0.1m and support costs by £0.7m. Within these costs, depreciation increased by £0.4m, I.T. by £0.3, irrecoverable VAT by £0.1m with a small reduction of £0.1m in the recognised pension scheme deficit movement.

Charitable activities

Total expenditure on charitable activities was £29.7m, £2.0m more than the previous year (2018: £27.7m).

The expenditure has been shown under the following headings:

Youth programme and activities

We continue to pride ourselves on the breadth and depth of our youth programme. In Scouts, young people have the opportunity to develop a wide range of key skills from coding and emergency aid to discovering more about the world around them.

Each week we provide the chance to try new things, take charge, play their part and find out more about themselves and others.

By offering a balanced programme to young people we improve their life chances and increase social mobility. Over 4.4 million badges were sent out by Scout Store this year, showing the remarkable level of achievement and participation in the programme. The development of our new digital programme planning tool will also make it easier for leaders to deliver inspiring programmes and help more young people achieve their top awards.

Development of Scouting

This year we have focused strongly on bringing Scouts to new and different people. Since 2014, we've opened 1,280 sections in areas of deprivation. This means that nearly 20,480 young people from the toughest to reach communities are now a part of Scouts in the UK. We've continued to innovate, working locally with community leaders and schools to make Scouts available to more young people.

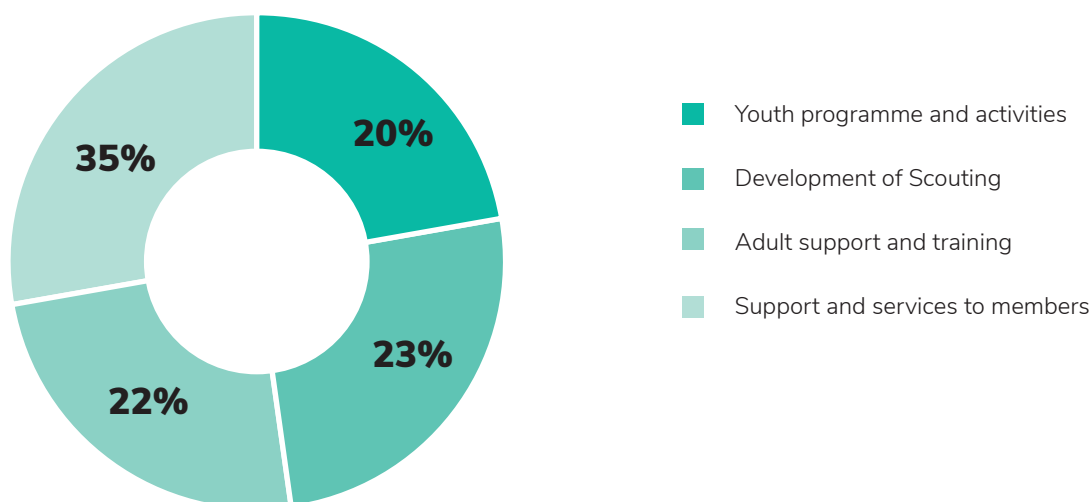
Adult support and training

Highly trained and well supported adults are key to our movement's success. As well as supporting the delivery of the adult training scheme, we have offered specialist support to leaders, including webinars and resources on welcoming young people with autism into Scouts, working in partnership with the National Autistic Society. This year we have also offered support to volunteers implementing GDPR changes and continue to offer a range of flexible learning options.

Support and service to members

We pride ourselves on the quality of our service to the movement. From the Scout Information Centre offering direct advice over the phone and by email, to supporting members with legal, financial and other more specialist matters, we have supported tens of thousands of members with their enquiries across the year. New services continue to be offered, including the new Scout brand centre launched to support the new Scout brand, which now has 18,000 registered users.

Table 2 - Our spend on charitable activities in 2019 £30m - (2018 : £28m)



The Trustees came to an understanding that it would be misleading to try to analyse the expenditure expended on charitable activities under the four strategic objectives that we use to group our activities and achievements (i.e. growth, inclusivity, youth shaped and community impact), as described earlier in this report. Many of the actions and activities that deliver the strategic objectives are led and delivered by volunteers and therefore incur proportionately less financial expenditure than those activities delivered by our salaried staff. To analyse the expenditure on charitable activities under the four strategic objectives would therefore materially distort the presentation of the importance of some of those objectives. Instead, the Trustees consider that the four headings used to analyse expenditure on charitable activities provide a more meaningful and appropriate explanation of our spending priorities.

Support costs comprise that expenditure which enables or facilitates fundraising or the conducting of a charitable activity; whilst important in achieving that activity they do not of themselves constitute a charitable activity. These support costs include finance, information technology, human resources, legal expenses, central management, governance and the depreciation of fixed assets. These costs have been attributed to charitable activities based on an estimate of staff resources directly employed in the delivery of those charitable activities.

Reserves

The Scout Association's consolidated restricted, unrestricted and endowment reserves decreased by £2.3m to £38.3m at the end of the year.

All funds are described in more detail in note 16.

Unrestricted general funds reserves

During 2016 the Trustees conducted a review of the Association's current Reserves Policy. The Policy was established in 2011 to protect the Association and its charitable programmes by providing time to adjust to changing financial circumstances.

It also provides parameters for future budgeting and strategic plans and contributes towards decision making. The Association's Reserves Policy establishes an appropriate target range for the level of general 'free' reserves. The general free reserves exclude the Association's actuarially determined liability in respect of its defined benefit pension scheme. The range is based on a risk assessment of the event probability and likely financial impact on the Association's activities which might be caused by a decline in income, an inability to meet its financial obligations, or an inability to reduce expenditure in the immediate short term. The Policy seeks to ensure an equitable balance between spending the maximum amount of income raised as soon as reasonably possible after receipt, while maintaining an appropriate level of reserves in order to ensure the uninterrupted operation of the charity.

The Policy and target range (to hold between three and six months of unrestricted expenditure of the Charity up to a maximum value of £10m) are reviewed annually, when known risks are reassessed against current circumstances which have the potential to change the Association's income, financial obligations or planned expenditure.

At the end of March 2019, unrestricted general fund reserves (excluding any reduction for the pension deficit of £10.4m) were £10.5m (2018 £9.9m) (see note 16a), an increase of £0.6m in the year (2018: reduction of £3.4m). The 2018 reduction was primarily due to the £3m paid to the pension scheme as part of the agreed recovery plan, the 2019 increase is a result of the positive operating surplus. The unrestricted reserve of £10.5m represents approximately six months of the Association's 2019/20 budgeted unrestricted expenditure. This is £0.5m more than the reserves policy target of £10m.

The Association had a Defined Benefit Pension Scheme deficit of £10.4m as at 31 March 2019. The Scheme's last triennial actuarial valuation was carried out as at March 2016 and is updated annually in accordance with FRS 102. A deficit reduction plan has been agreed with the pension fund trustees. The next triennial valuation will be carried out as at March 31, 2019.

Intangible fixed assets

The World Organisation of the Scout Movement awarded the Association the licence to design, distribute, market and sell products bearing the World Scout Organisation's registered logo. A payment of £0.06m was made during 2011/12 with an additional payment of £0.03m during 2013/14. This licence is amortised over 10 years.

In 2018 Scout Shops Limited capitalised the costs of creating its retail website. These costs will be amortised over between two and three years.

Tangible fixed assets

The Association maintains a collection of Scout memorabilia, artefacts and works of art. These include collections of paintings, furniture and other household and military items received from the founder of Scouts, Lord Baden-Powell. From 1 April 2010 the FRS 102 'Heritage Assets' made it mandatory for heritage assets to be reported as tangible fixed assets in the balance sheet, where information is available on cost or valuation. In line with the Museum Association Code of Ethics the valuation of Heritage Collection acquisitions is only recorded where the item is of significant value and in need of insurance. A valuation is provided for some of the key items in the Association's collection, particularly those relating to the Founder, since the nature of these items permits sufficiently reliable valuation. The initial valuation was prepared in 2011 by Lyon & Turnbull, members of the Society of Fine Art Auctioneers and Valuers. A revaluation report was produced by Pall Mall Art Advisors on 1 April 2016. In the opinion of the Trustees, the values remain applicable to these assets at 31 March 2019. Any surplus or deficit on revaluation is charged to the net movement in funds on the Consolidated Statement of Financial Activities.

Additional valuations will only be carried out for the purpose of lending items to other organisations (see note 10a).

The Association made significant capital investments amounting to £2.7m during the year. We invested £0.7m on infrastructure, furniture and equipment at the National Centres and £1.6m on digital transformation including £0.2m on the Association's national membership database.

Volunteers

During the year, over 163,991 adults volunteered their time, energy, skills and commitment to Scouting at Group, District, County, Region or National levels. Their roles ranged from regularly leading section meetings and organising camps, to helping with administration, the training of future leaders and attending meetings at every level. Without this contribution of volunteers, Scouts would be unable to offer such a wide range of challenging and inspiring activities that makes it the largest co-educational youth movement in the UK today.

Subsidiary companies

The Association's trading subsidiaries are reviewed below. Each company is wholly owned and each – other than Scout Insurance (Guernsey) Limited, which is incorporated in the Bailiwick of Guernsey – is incorporated in England and Wales.

Scout Shops Limited

Scout Shops Limited, now trading as Scout Store, sells Scouting and ancillary products mainly to members of The Scout Association, both directly and through District Scout Stores and other wholesale outlets. During the year, Scout Store continued to focus on developing its core business and expanding its key customer base (Scouts members) by delivering a high level of service to our members.

Scout Store reported a further year of strong profit growth against the backdrop of a challenging selling environment. The company designed, sourced and supplied a range of merchandise, including new sectional apparel, fleur-de-lis casualwear and heritage casualwear, expanding its offering within a new pricing structure. In addition, its supply chain has been streamlined enabling the input cost of its bought-in goods to be further reduced while still maintaining high product quality.

Despite the challenging sales environment, this year's trading result was exceptional, the result of margin improvement, prudent cost control, the management of the company's inventories and the commitment and dedication of the experienced Scout Store staff.

Turnover in the year increased by 19% to £8.90m (2018: decrease by 6% to £7.45m) while operating costs were up 15% at £5.60m (2018: down by 10% at £4.87m). The company delivered an operating profit before taxation of £3.52m (2018: £3.10m) with 100% of the distributable profits covenanted to The Scout Association.

Through the provision of wholesale discounts to Badge Secretaries and District Scout Stores, Scout Store estimates that it provides an additional annual income of some £1m to local Scouting.

World Scout Shop Limited

Turnover amounted to £0.39m, 7% down on the previous year (2018: 15% up at £0.42m) with operating costs at £0.34m, 3% more than the previous year (2018: 32% more at £0.33m). The business continued to develop trading relationships with National Scout Organisations and to fulfil the merchandise requirements across the world. An agreement has been reached with a US licensee to produce and distribute the product across North America. The company achieved a profit before taxation of £0.11m (2018: £0.14m) all of which it covenanted to The Scout Association.

Scout Insurance Services Limited

Scout Insurance Services trades under the name of Unity Insurance Services. Its principal activity is that of insurance broker, providing services primarily to The Scout Association, the Scout Movement, to other charities and not-for-profit organisations, including Girlguiding UK. In the year to March 2019, Unity Insurance Services generated turnover of £2.1m (2018: £1.8m) and a profit before tax of £1.05m (2018: £0.99m) which it covenanted to The Scout Association.

Scout Insurance (Guernsey) Limited

Scout Insurance (Guernsey) Limited's principal activity is that of insurance underwriter. The company plays an important role in enabling the Association to meet its insurance needs efficiently and cost effectively while at the same time limiting the inherent financial risk should the Association receive a material claim against it in an increasingly litigious world. In the year to March 2019, the net profit before

taxation declined to £0.3m (2018: £1.0m). The property and equipment book is in run-off and returned a result some 21% below its performance in 2018. The public liability business fell marginally into loss, accounting for the reduction in the profit before tax. During the year, the company declared and paid a dividend of £0.7m (2018: £0.5m) to The Scout Association.

Scout Services Limited

Scout Services Limited's principal activities are that of commercial property management and the provision of conference facilities. Scout Services Limited produced a net profit of £1.1m (2018: £0.8m) from turnover of £4.0m, (2018: £3.6m), an increase of £0.4m. The increased turnover was principally due to higher volumes of business going through the conference centres.

The Scout Association Defined Benefit Pension Scheme

The most recent full actuarial valuation of The Scout Association Defined Benefit Pension Scheme was carried out as at 31 March 2016. The market value of the assets of the scheme was £31.6m which represented 78% of the actuarial value of the benefits accrued at that date by members. Based on this valuation the Trustees agreed a funding plan to address the deficit.

The valuation of the Defined Benefit Pension Scheme at 31 March 2019, for the purposes of Financial Reporting Standard 102 (FRS 102), showed a funding deficit of £10.4m (2018: £8.5m).

The main reason for the increase in the deficit over the period is a change in the financial assumptions underlying the actuarial calculations.

The Scout Association contributed 0.7m (2018: £0.7m) to the Scheme, including special contributions totalling £0.6m (2018: £0.6m).

The cash flow required to meet the £10.4m deficit relates to future pension benefits. This deficit is subject to considerable variability because it is the consequence of the application of 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 therefore the obligations are mainly associated with longstanding members of staff and current pensioners. The Trustees regularly monitor the Scheme funding deficit to ensure that general reserves provide adequate cover against the future liability.

In accordance with Charity Commission guidance ("Charity Reserves and Defined Benefit Pension Schemes"), the Trustees have reviewed the cash flow impact on the 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 Service

As at 31 March 2019, total deposits by Scout Groups, Districts, Counties and Regions in the Short Term Investment Service were £11.3m (2018: £12.0m).

Investment policy and performance

The Trustees took the decision, in 2018, that The Scout Association's fixed financial investment assets are best held in a managed, multi-asset fund rather than in a bespoke portfolio of directly held securities. The Trustees hold the view that, given the size of the available fund, a bespoke portfolio is unlikely to be able adequately to diversify risk while still preserving the capital value of the fund. The fund assets are now held in the Cazenove Charity Multi-Asset Fund, which is ethically screened.

The performance objectives are:

- 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.

The Association's current asset investments represent cash holdings which are managed separately from the main investment portfolio and are, in the main, held in Royal London Asset Management Funds on behalf of the Short Term Investment Service on behalf of the movement.

Remuneration policy

The Trustees consider that the Board of Trustees and the Senior Leadership Team (the Chief Executive and the Directors) comprise the key management personnel of the Charity.

All Trustees give of their time freely and no Trustee received remuneration in the year. The Chief Executive (who is also a Trustee and a full member of the Board) is paid for his executive duties only.

Details of Trustees' expenses and related party transactions are disclosed in note 6d to the accounts.

The remuneration of the senior staff is reviewed annually by the Staffing, Salary and Remuneration Committee (a subcommittee of the Board of Trustees), taking into account market conditions, cost of living increases and the financial position of the organisation. The salaries of the Senior Leadership Team are benchmarked in order to ensure that they are commensurate with the size of the roles. Last year's benchmarking of the salary of the Chief Executive Officer found that his salary was less than the market rate and was not commensurate with the size of the role. As a result of the benchmarking exercise the Board agreed that his salary should increase over two years in order to stagger the increments; this year was the second year of that adjustment.

The Senior Leadership Team sets the salaries for all other employees.

The remuneration benchmark is the mid-point of the range paid for similar roles. If recruitment proves to be difficult, a market rate supplement is also paid.

Pension and other benefits

The Senior Leadership Team members are entitled to employer pension contribution rates and other benefits that are available to employees generally. In addition, enhanced medical insurance provision is provided.

Trustees' responsibilities

Trustees are responsible for preparing the annual report, including 'How we operate' on page 61, and the financial statements in accordance with the Charities Act 2011 and for being satisfied that the financial statements give a true and fair view. Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, 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 business.

Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions; disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with any applicable charity laws and, in particular, the Charities Act 2011. Trustees 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. Financial statements are published on The Scout Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Our controls include:

- a strategic and operational plan and budget
- regular consideration by the Board, Finance Committee and Senior Leadership Team of financial results, variances from budget and other (non-financial) performance indicators
- delegation of authority and segregation of duties
- identification and management of risks by the Board, its Committees and Senior Leadership Team

The Finance Committee monitors the effectiveness of any external and internal audits and, together with the Risk Committee, reviews our risk management processes.

Trustees believe that the system of internal controls has been adequate to provide reassurance against material misstatement or loss.



Ann Limb
Chair, Scouts

On behalf of the Board of Trustees,
13 July 2019



Consolidated Statement of Financial Activities

For the year ended 31 March 2019

	2019			2018		
	Unrestricted	Restricted and Endowment	Total	Unrestricted	Restricted and Endowment	Total
Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and legacies:						
Membership subscriptions	11,346	-	11,346	11,015	-	11,015
Other donations	5(a) 1,539	1,350	2,889	476	2,370	2,846
	12,885	1,350	14,235	11,491	2,370	13,861
Charitable activities:						
Youth programme	2,103	-	2,103	2,154	-	2,154
Development of Scouting	1,901	-	1,901	1,535	-	1,535
Adult support and training	1,901	-	1,901	1,608	-	1,608
Support and services to members	3,797	-	3,797	5,318	-	5,318
	5(b) 9,702	-	9,702	10,615	-	10,615
Other trading activities	5(c) 12,405	-	12,405	10,052	-	10,052
Investment income	5(d) 512	108	620	394	120	514
Total income	35,504	1,458	36,962	32,552	2,490	35,042
Expenditure on:						
Raising funds:						
Donations and legacies	739	-	739	462	-	462
Trading activities	6(a) 7,129	-	7,129	5,562	-	5,562
	7,868	-	7,868	6,024	-	6,024
Charitable activities:						
Youth programme	5,456	478	5,934	5,507	181	5,688
Development of Scouting	6,135	552	6,687	6,460	226	6,686
Adult support and training	6,003	540	6,543	5,965	224	6,189
Support and services to members	9,765	723	10,488	8,870	305	9,175
	6(b) 27,359	2,293	29,652	26,802	936	27,738
Total expenditure	35,227	2,293	37,520	32,826	936	33,762
Net gains/(losses) on investments	26	(11)	15	2	(91)	(89)
Net (expenditure)/income for the year	303	(846)	(543)	(272)	1,463	1,191
Transfers between funds	(191)	191	-	(101)	101	-
Other recognised gains/(losses):						
Actuarial (losses)/gains on Defined Benefit Pension Scheme	7 (2,010)	-	(2,010)	321	-	321
Fair value movement	275	-	275	(277)	-	(277)
Net movement in funds	8 (1,623)	(655)	(2,278)	(329)	1,564	1,235
Reconciliation of funds:						
Fund balances brought forward at 31 March 2018	34,292	6,302	40,594	34,621	4,738	39,359
Fund balances carried forward at 31 March 2019	32,669	5,647	38,316	34,292	6,302	40,594

The notes on pages 34 to 56 form part of these financial statements

Balance Sheets

As at 31 March 2019

	Notes	Consolidated		The Association	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Intangible fixed assets	9	235	183	-	-
Tangible fixed assets	10	29,554	30,153	29,311	30,005
Investment in subsidiary companies	11	-	-	500	500
Investments	12	16,576	16,452	9,904	9,889
		46,365	46,788	39,715	40,394
Current assets					
Stocks	13	1,364	742	137	193
Debtors	14	20,977	10,482	20,956	10,416
Current asset investments		11,335	11,977	11,335	11,977
Cash and cash equivalents		9,084	9,175	4,726	4,951
		42,760	32,376	37,154	27,537
Current liabilities					
Creditors	15	(39,405)	(28,128)	(30,319)	(21,018)
Net current assets		3,355	4,248	6,835	6,519
Total assets less current liabilities		49,720	51,036	46,550	46,913
Creditors - amounts falling due after more than one year	15	(1,049)	(1,988)	-	(277)
Net assets excluding pension liability		48,671	49,048	46,550	46,636
Pension liability	7	(10,355)	(8,454)	(10,355)	(8,454)
Net assets		38,316	40,594	36,195	38,182
The Association's funds					
Unrestricted funds:					
General funds	16	10,514	9,910	10,514	9,910
Pension reserve	7,16	(10,355)	(8,454)	(10,355)	(8,454)
General funds including pension liability		159	1,456	159	1,456
Designated funds	16	30,389	30,424	30,389	30,424
Non charitable trading funds	11,16	2,121	2,412	-	-
Unrestricted funds including pension reserve		32,669	34,292	30,548	31,880
Restricted funds	16	4,356	5,005	4,356	5,005
Endowment funds	16	1,291	1,297	1,291	1,297
Total funds		38,316	40,594	36,195	38,182

Approved by the Board of Trustees on 13 July 2019 and authorised for release and signed on its behalf by:



Ann Limb
Chair



Gordon Boyd
Treasurer

The notes on pages 34 to 56 form part of these financial statements

Statements of cash flows

For the year ended 31 March 2019

	Consolidated		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
a) Cash flows from operating activities				
Net cash provided by operating activities	2,083	1,241	1,308	2,422
Cash flows from investing activities:				
Dividends, interest and rents from investments	620	514	886	812
Proceeds from the sale of property, plant and equipment	79	52	79	52
Purchase of property, plant and equipment	(2,764)	(2,570)	(2,498)	(2,330)
Proceeds from sale of investments	-	10,921	-	10,482
Purchase of investments	(109)	(10,452)	-	(10,452)
Net cash used in investing activities	(2,174)	(1,535)	(1,533)	(1,436)
Change in cash and cash equivalents in the reporting period	(91)	(294)	(225)	986
Cash and cash equivalents at the beginning of the reporting period	9,175	9,469	4,951	3,965
Cash and cash equivalents at the end of the reporting period	9,084	9,175	4,726	4,951

b) Reconciliation of net income/(expenditure) to cash flow from operating activities

Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(543)	1,191	(251)	685
Adjustments for:				
(Gains)/losses on investments	(15)	89	(15)	89
Dividends, interest and rents from investments	(620)	(514)	(886)	(812)
Funding of pension liabilities	-	(3,000)	-	(3,000)
FRS Pension adjustment in I&E	(109)	(11)	(109)	(11)
(Profit) on sale of fixed assets	(47)	(263)	(47)	(261)
Fixed asset adjustment	114	-	114	-
Depreciation charges	3,165	2,749	3,046	2,683
(Increase)/decrease in stocks	(622)	(27)	56	(21)
(Increase) in debtors	(10,495)	(3,137)	(10,540)	(1,978)
Decrease in current investments	642	1,839	642	1,839
Increase in creditors	10,613	2,325	9,298	3,209
Net cash provided by operating activities	2,083	1,241	1,308	2,422

c) Analysis of cash and cash equivalents

Cash in hand	9,084	9,175	4,726	4,951
Total cash and cash equivalents	9,084	9,175	4,726	4,951

The notes on pages 34 to 56 form part of these financial statements

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, Areas, Regions, Districts and Groups are not reflected in these financial statements. Those bodies are separate autonomous charities that are affiliated to The Scout Association.

3. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a. Basis of preparation of consolidated financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Scout Association meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The financial statements consolidate the financial statements of The Scout Association and its subsidiary companies. The financial statements of all entities are made up to 31 March 2019.

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

On acquisition of a business, all of the assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that time. All changes to those assets and liabilities and the resulting surpluses that arise after acquisition are charged to the post-acquisition Statement of Financial Activities.

b. Recognition of income

National membership subscriptions

Membership subscriptions are payable in advance for a year to 31 March. Subscriptions are treated as voluntary income because they are more similar in nature to donations than to payments for goods or services, and are recognised when received.

Legacies

Legacies are accounted for when the Association becomes entitled to them, where receipt is probable and where their value can be established with reasonable certainty. Where legacies include non-cash items these are included in income at the lower of probate value and market value at the date of receipt.

Insurance Income

Insurance commission is recognised at the date of inception of the policy. The amount recognised is the total brokerage due to the company less an overall provision for unearned commission. Historic profit commission is recognised when it can be reliably calculated and forecast to be received.

Insurance underwriting gross written premium comprises the premium due on contracts entered into in a financial year, regardless of whether or not such amounts relate in whole or in part to a different financial year. Reinsurance premium paid is accounted for in the accounting period in which the reinsurance is bought. Unearned premium represents that proportion of written premium estimated to be earned in future financial years. It is calculated on a monthly pro-rata basis. Acquisition costs relating to unearned premiums are deferred on the same basis as the premiums to which they relate.

Commercial activities

Income from conference centres, sponsorship, National Scout Adventure Centres, and other income is accounted for when the Association is entitled to the income, the amount can be quantified with reasonable accuracy and the probability of receipt of the income is more likely than not.

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 the balance sheet date. Associated tax recoveries are included for all amounts shown as income.

Gifts in kind

Properties, investments, heritage assets, other fixed assets and any other assets or services donated to the charity are included as donated income at their estimated market value at the time of receipt

c. Allocation of income and costs

Activities for generating funds and fundraising trading: costs of goods sold and other costs.

Income and expenditure from Scout Store Limited, World Scout Shop Limited, Scout Services Limited and from commercial activities carried out at 65 Queen's Gate and the Gilwell Conference Centre are classified under these headings.

Charitable activities

This comprises income from the provision of services supporting the objects of the Association through operations including the Information Centre, insurance services, and Scouting magazine as well as the National Activity Centres. A percentage of accommodation and training fees receivable at 65 Queen's Gate and the Gilwell Conference Centre are also included under this heading. The percentages used in respect of these two sites are 20% and 80% respectively. The remaining income from 65 Queen's Gate and the Gilwell Conference Centre is included in activities for generating funds.

Charitable activities have been analysed under the following headings:

- Youth programme
- Development of Scouting
- Adult support and training
- Support and services to members

The Association's activities are largely financed by national membership subscriptions and by the surpluses generated by its trading subsidiaries rather than income from charitable activities. The activities have been classified as described in note 6.

Where possible the income and costs relating to a department or cost centre are allocated in full to one of the above categories, but in practice many departments have an involvement in more than one activity. The other major allocations, which are reviewed annually by the Trustees, are set out below.

	Youth programme	Development of Scouting	Adult support and training	Support and services to members
World and European membership fees				100%
Members records and awards			40%	60%
Membership services	20%	20%	20%	40%
Safeguarding children				100%
Public relations		100%		
Insurance				100%
Scouting magazine	34%	33%	33%	
Short Term Investment Service				100%
Regional Development Service		33%	33%	34%
65 Queen's Gate	20%			
Gilwell Conference Centre	27%	27%	27%	
Other National Activity Centres	34%	33%	33%	

Support costs

These are costs incurred directly in support of the objects of the Charity. The costs are attributed to the activities that they support. Where a department supports all the Charity's activities the costs have been apportioned pro-rata to the staff resources directly engaged in that activity. The percentages that apply are:

- Trading – 6%
- Youth programme – 20%
- Development of Scouting – 29%
- Adult support and training – 26%
- Support and services to members – 19%

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.

Governance costs

These are the costs associated with the governance arrangements of the Charity which relate to compliance with legal and statutory requirements of the Charity as opposed to those costs associated with fundraising. They include audit fees and the costs of Trustees' meetings.

d. Intangible fixed assets

Intangible fixed assets represent goodwill arising on acquisitions less accumulated amortisation. Goodwill arising on acquisition of an undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the Statement of Financial Activities over the Trustees' estimate of its useful economic life which can range from five to 10 years. Impairment tests on the carrying value are undertaken at the end of the first full year after acquisition and in any other subsequent period if events or changes in circumstances indicate that the carrying value may not be recoverable. The cost of acquiring a brand licence is written off over the term of the related contract.

e. Fixed assets - heritage assets

The Association maintains a heritage collection of around 250,000 items. Through an active and innovative programme of collecting, interpreting and engagement, the Heritage Collection helps create connections between members of The Scout Association, both past and present, and the wider community. The Heritage Collection is managed by the Headquarters' Heritage Service. To ensure its ongoing representation of Scouting's story the Heritage Service continues to collect both historical and contemporary material. New acquisitions are normally made by donation with occasional low cost purchases. New material is acquired in accordance with The Scout Association's Collecting Policy and carried out in line with the Museum Association's Code of Ethics.

The Heritage Service, supported by a small team of volunteers, is working to catalogue the Collection in line with The Heritage Collections Trust SPECTRUM standard and the national standard for archive cataloguing, this activity is an ongoing priority. Currently approximately 10% of the Collection is catalogued to these standards. The Association will occasionally approve the disposal of elements of the Collection, this process is carried out in accordance with the Code of Ethics and industry best practice as dictated by the Arts Council England Accreditation Standard. Disposal will be judged against the Association's Collecting Policy. Disposal will be carried out in line with the Disposal Policy and follow the Disposal Procedure. Disposal of accessioned material only takes place with the approval of the Trustees or their designated representative. Disposal of non-accessioned items takes place with the approval of the Director of Commercial Services. In accordance with best practice the Heritage Service will always try to keep the item in the public domain by gifting it free of charge to other relevant museum collections or archives. If an appropriate museum or archive cannot be found the item may be considered for sale, any proceeds from such a sale would be restricted to the care and preservation of the Collection.

Expenditure that is, in the Trustees' view, required to conserve or prevent further deterioration of individual items, including conservation work, is recognised as expenditure when it is incurred. The Heritage Service actively seeks external funding to support the delivery of this work.

A small number of Collection items is displayed within the buildings and grounds of Gilwell Park but most of the Collection is held in storage. Included in the development plans for Gilwell Park is a new facility which would increase public access to the Collection, through a permanent display and a series of temporary exhibitions, as well as providing more appropriate storage for the Collection, ensuring its long term preservation. Currently access to the Collection is provided through the enquiries service, research appointments, the Gilwell Park Heritage Trail, the Scout Heritage website and exhibitions and activities organised with partner organisations. The Heritage Service continues to reach out to new audiences through activities including participation in the national Heritage Open Days scheme and programmes, including the UK Dementia Friendly Heritage Network.

The Association maintains the heritage collection in a good condition, and no items currently require substantial conservation expenditure. The nature of some of the assets, such as early cine-film, means they will deteriorate over time and should be considered a priority for preservation by digitisation and specialist storage.

f. Fixed assets - other 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. Assets costing less than £200 are not capitalised.

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

Gains or losses on the disposal of fixed assets held for charitable purposes are reflected in net income/expenditure for the year 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 net gains/(losses) on investments in the Statement of Financial Activities.

g. Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost is calculated using the current purchase price method and consists of the original cost of goods without any addition for overheads.

h. 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.

i. 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.

j. Pension costs

Contributions payable to The Scout Association 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 pension scheme liabilities are measured using a projected unit method and discounted at an AA sterling 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 on the scheme for the year is included in the 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.

k. Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

l. Financial liabilities

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

m. Hedge accounting

The Scout Association enters into forward contract for the purchase of currency in order to manage its exchange rate exposure relating to the World Scout Jamboree and other overseas events. Hedge contracts are measured at fair value at each reporting date.

To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. This amount is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. Any ineffective portions of those movements are recognised in profit or loss for the period.

n. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Trustees have made the following judgements:

- The determination of whether leases entered into by the Scout Association either as lessor or a lessee, are operating or finance leases, depending on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The determination of whether or not there are indications of impairment of the Scout Association's tangible and intangible assets, including goodwill, taking into consideration the economic viability and expected future financial performance of the asset.

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.

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.

Restricted funds

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

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 Trustees to be used for particular purposes.

5. Income and endowments

a. Other donations and legacies

	2019			2018		
	Unrestricted	Restricted and Endowment	Total	Unrestricted	Restricted and Endowment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Legacies	924	-	924	235	293	528
Other donations	615	1,350	1,965	241	2,077	2,318
Total	1,539	1,350	2,889	476	2,370	2,846

b. Charitable activities

The income in this category is derived primarily from the Association's insurance subsidiaries and its National Activity Centres. Many of the activities are not conducted with the principal intention of generating net income. Instead the Association's charitable activities are financed largely by fundraising activities and by membership subscriptions.

	2019			2018		
	Unrestricted	Restricted and Endowment	Total	Unrestricted	Restricted and Endowment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
National events	561	-	561	253	-	253
Insurance broking and underwriting	3,450	-	3,450	3,354	-	3,354
Advertising carried by Scouting magazine	91	-	91	98	-	98
National Centres	5,039	-	5,039	5,495	-	5,495
World Jamboree/Roverway	236	-	236	1,011	-	1,011
Other income	325	-	325	404	-	404
Total	9,702	-	9,702	10,615	-	10,615

c. Other trading activities

	2019			2018		
	Unrestricted	Restricted and Endowment	Total	Unrestricted	Restricted and Endowment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Retail sales	9,271	-	9,271	8,145	-	8,145
Hostel and conference income	2,496	-	2,496	1,446	-	1,446
Sponsorship, promotions and royalties	638	-	638	461	-	461
Total	12,405	-	12,405	10,052	-	10,052

d. Investment income

	2019			2018		
	Unrestricted	Restricted and Endowment	Total	Unrestricted	Restricted and Endowment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Listed investments	366	20	386	262	58	320
Short Term Investment Service	-	88	88	-	62	62
Other deposit interest	125	-	125	81	-	81
Rental income	21	-	21	51	-	51
Total	512	108	620	394	120	514

6. Expenditure**a. Trading activities**

	2019			2018		
	Unrestricted	Restricted and Endowment	Total	Unrestricted	Restricted and Endowment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Retail operating costs	5,574	-	5,574	4,918	-	4,918
Hostel and conference expenditure	1,436	-	1,436	615	-	615
Sponsorship, promotions and royalties	119	-	119	29	-	29
Total	7,129	-	7,129	5,562	-	5,562

Hostel, conference and commercial trading expenditure includes support costs of £585,000 (2018: £512,000). The basis for the allocation of support costs is explained in note 6.c.

b. Costs of charitable activities

	2019			2018		
	Unrestricted	Restricted and Endowment	Total	Unrestricted	Restricted and Endowment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Youth programme	5,456	478	5,934	5,507	181	5,688
Development of Scouting	6,135	552	6,687	6,460	226	6,686
Adult support and training	6,003	540	6,543	5,965	224	6,189
Support and services to members	9,765	723	10,488	8,870	305	9,175
Total	27,359	2,293	29,652	26,802	936	27,738

Analysis of costs of charitable activities

	2019			
	Direct	Grant funding	Support costs	Total
	£'000	£'000	£'000	£'000
Youth programme	3,940	44	1,950	5,934
Development of Scouting	3,655	205	2,827	6,687
Adult support and training	3,803	205	2,535	6,543
Support and services to members	8,431	205	1,852	10,488
Total	19,829	659	9,164	29,652

	2018			
	Direct	Grant funding	Support costs	Total
	£'000	£'000	£'000	£'000
Youth programme	3,818	53	1,817	5,688
Development of Scouting	3,895	156	2,635	6,686
Adult support and training	3,672	156	2,361	6,189
Support and services to members	7,292	156	1,727	9,175
Total	18,677	521	8,540	27,738

Charitable activities have been analysed into four categories as explained in note 3.c. Costs are allocated using the principles explained in that note.

Youth programme includes the various educational activities in which members participate. Development activities are those which are focused on growing the Scouting Movement. Adult support and training includes those activities which assist leaders and other adults involved in Scouting. Support and services to the Scouting Movement includes those activities, such as insurance and safeguarding of children, which underpin the activities of Scout Groups.

Analysis of grants to local Scouting

	2019	2018
	£'000	£'000
Development	312	266
International Fund	24	58
Benevolent Fund	12	9
Admiralty Fund and Trinity House Fund (Sea Scout Groups)	98	86
Grants to local Groups from legacies	67	33
King George VI Leadership Fund	12	18
Other	134	51
Total	659	521

Grants from restricted and designated funds administered by the Association are paid, in accordance with the terms governing those funds, to a large number of Scout Groups, Districts, Areas and Counties.

c. Support costs allocation

	2019	2018
	£'000	£'000
Property and equipment depreciation	3,165	2,750
Irrecoverable VAT	697	565
Office accommodation and services	790	662
Central management	700	740
Human resources, legal and company secretarial	1,063	908
Finance and accounting	809	786
Information technology and business solutions	1,730	1,357
Movement in pension scheme deficit recognised in resources expended	455	641
Governance	340	190
Other	-	453
Total	9,749	9,052

Support costs comprise that expenditure which facilitates fundraising and charitable activity but which is not directly incurred in the conduct of those activities. The support costs itemised above have been apportioned to fundraising and charitable activities pro rata to the employment costs of staff directly engaged on the relevant activities. The percentage allocations are disclosed in note 3.c.

d. Expenditure includes:

	2019	2018
	£'000	£'000
Auditor's remuneration		
Audit fees	69	74
Taxation compliance	6	5
Trustees' expenses	16	17

During the year 14 Trustees (2018: 13 Trustees) were reimbursed expenses, such as travel and subsistence, incurred in their attending meetings and in the carrying out of their duties. The Association provided accommodation for the Chief Scout and for others while they were on Scout business.

7. Staff costs

	2019	2018
	£'000	£'000
Wages and salaries	11,966	9,623
Social security costs	1,012	896
Other pension costs	671	659
	13,649	11,178

In addition, termination costs in the year **105** 94

Termination costs are accrued when agreed.

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

	2019	2018
Activity		
The Scout Association	272	267
Scout Shops Limited/World Scout Shop Limited	46	39
Unity (Scout Insurance Services Limited)	19	18
Total	337	324

The number of employees whose total emoluments for the year exceeded £60,000 were as follows:

	2019	2018
	No.	No.
£60,001 to £70,000	3	5
£70,001 to £80,000	1	2
£80,001 to £90,000	4	-
£90,001 to £100,000	-	1
£100,001 to £110,000	1	1
£110,001 to £120,000	2	1
£120,001 to £130,000	1	1

The Chief Executive Officer, Matt Hyde, is also a Trustee. He received remuneration and benefits for his service as Chief Executive Officer which amounted to £127,109 (2018 £121,610). No other Trustee received remuneration for services to the Association.

The key management personnel of the parent charity and its subsidiaries comprise the Trustees, the Chief Executive Officer, Director of Commercial Services, Director of Communications and Marketing, Chief Operating Officer, Chief Financial Officer, Managing Director of Unity Insurance (SISL) and General Manager of Scout Store (Scouts Shops Limited) and World Scout Shop. The total employee benefits of the key management personnel of the Scout Association and its subsidiaries was £717,565 (2018 £619,603).

Pension schemes

The Scout Association Pension Scheme (FRS102 disclosure for year to 31 March 2019)

The Scout Association (“the Association”) operates a defined benefit pension arrangement called The Scout Association Defined Benefit Pension Scheme (“the Scheme”). The Scheme provides benefits, on retirement, on leaving service or on death, based on final salary and length of service.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years in order to determine whether or not the Statutory Funding Objective is met. As part of the process, the Association must agree with the trustees of the Scheme the contributions to be paid in order to address any shortfall against the Statutory Funding Objective and the contributions to be paid in respect of the accrual of the future benefits.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 March 2016. The results of that valuation were updated to 31 March 2019 by an independent qualified actuary, taking account of cashflows in and out of the Scheme and allowing for changes to assumptions over the period.

Explanation of amounts in the financial statements

Amounts recognised in the Statement of Financial Activities

	31 March 2019	31 March 2018
	£'000	£'000
Fair value of assets	38,772	37,362
Present value of funded obligations	(49,127)	(45,816)
Net defined benefit liability	(10,355)	(8,454)

Amounts recognised in the Statement of Financial Activities

	31 March 2019	31 March 2018
	£'000	£'000
Current service cost	108	150
Administration costs	201	197
Interest on liabilities	1,217	1,218
Interest on assets	(995)	(951)
Cost in net income/(expenditure) for the year	531	614
Gain/(loss) on scheme assets in excess of interest	1,480	(260)
Experience gains/(losses) on liabilities	-	-
(Losses)/gains from changes to financial assumptions	(3,490)	581
Actuarial (losses)/gains on defined benefit pension scheme	(2,010)	321

Reconciliation of assets and defined benefit obligation

The change in the assets over the year was:

	31 March 2019	31 March 2018
	£'000	£'000
Fair value of assets at the beginning of the year	37,362	35,101
Interest on assets	995	951
Association contributions	640	3,625
Contributions by scheme participants	25	34
Benefits paid	(1,529)	(1,892)
Administration costs	(201)	(197)
Return on plan assets less interest	1,480	(260)
Fair value of assets at the end of the year	38,772	37,362

The change in the defined benefit obligation over the year was:

	31 March 2019	31 March 2018
	£'000	£'000
Defined benefit obligation at the beginning of the year	45,816	46,887
Current service cost	108	150
Contributions by scheme participants	25	34
Interest cost	1,217	1,218
Benefits paid	(1,529)	(1,892)
Changes to financial assumptions	3,490	(581)
Defined benefit obligation at the end of the year	49,127	45,816

Assets

The major categories of assets as a percentage of total assets are as follows:

	31 March 2019	31 March 2018
Equities	29%	28%
Gilts	21%	8%
Bonds	25%	37%
Cash	1%	1%
Other assets*	24 %	26%
Total	100%	100%

*Other assets include investments held in Standard Life GARS and M&G's PP Episode Allocation Fund.

The return on assets over the year was £2,475,000 (2018 £691,000).

Actuarial assumptions

The principal assumptions used in calculating the Scheme's liabilities include:

	31 March 2019	31 March 2018
Discount rate	2.35% p.a.	2.70% p.a.
Inflation - RPI	3.35% p.a.	3.20% p.a.
Inflation - CPI	2.35% p.a.	2.20% p.a.
Salary increases	2.45% p.a.	2.30% p.a.
PLI 5.0% pension increases	3.30% p.a.	3.15% p.a.
PLI 2.5% pension increases	2.35% p.a.	2.30% p.a.
Revaluation in deferment		
• Pensions earned on or before 5/4/2009	2.35% p.a.	2.20% p.a.
• Pensions earned on or after 6/4/2009	3.35% p.a.	3.20% p.a.
Pensionable salary increases	2.45% p.a.	2.30% p.a.
	95% of S2NA tables CMI 2015 projections 1.25% p.a. long-term trend rate for pensioners 1.50% p.a. long-term trend rate for non-pensioners	95% of S2NA tables CMI 2012 projections 1.25% p.a. long-term trend rate for pensioners 1.50% p.a. long-term trend rate for non-pensioners
	Members are assumed to take 20 percent of their pension as tax free cash	Members are assumed to take 20 percent of their pension as tax free cash

Sensitivity of the value placed on the liabilities

Adjustments to assumptions	Approximate effect on liabilities
	£'000
Discount rate	
Plus 0.50% p.a.	(4,100)
Minus 0.50% p.a.	4,700
Inflation	
Plus 0.50% p.a.	2,100
Minus 0.50% p.a.	(2,000)
Salary increase	
Plus 0.50% p.a.	400
Minus 0.50% p.a.	(300)
Mortality	
Long-term trend rate 1.25% p.a. for all members	(600)
Commutation	
Members take 25% of their pension as cash	(700)

Projected SOFA for year to 31 March 2020

	£'000
Current service cost	123
Administration costs	201
Interest on liabilities	1,137
Interest on assets	(922)
Total	539

The estimate above assumes the following:

- Cashflows to and from the Scheme are broadly unchanged from the current year's figures, other than allowance being made for contributions payable under the latest Schedule of Contributions agreed as part of the actuarial valuation of the Scheme as at 31 March 2017 and the £3 million special payment made in the year ended 31 March 2018.
- There have been no events (other than those notified to the Pension Scheme Actuary) that would give rise to a settlement/curtailment/past service cost.

8. Net movement in funds

The net movement in funds arises as follows:

	2019	2018
	£'000	£'000
The Scout Association	(1,987)	731
Subsidiaries	(291)	504
Total	(2,278)	1,235

9. Intangible fixed assets

Goodwill and licences

	Consolidated		The Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2018	380	223	138	138
Additions	111	157	-	-
At 31 March 2019	491	380	138	138
Amortisation				
At 1 April 2018	197	180	138	138
Charge for the year	59	17	-	-
At 31 March 2019	256	197	138	138
Net book value at 31 March 2019	235	183	-	-

Goodwill of £138,000 arose on the reversion of the lease of Great Tower Scout Activity Centre on 31 March 2011.

World Scout Shop Limited acquired a brand licence from the World Scout Organisation for £55,000 during the year ended 31 March 2012. An additional payment of £30,000 was made during the year ended 31 March 2014.

Scout Shops Limited have capitalised the costs of creating a new web site. This will be amortised at rates of between 33% and 50% p.a.

Goodwill and licences are amortised over five to 10 years straight line.

10. Tangible fixed assets

a. Heritage assets

	Consolidated and the Association				
	2019	2018	2017	2016	2015
	£'000	£'000	£'000	£'000	£'000
Valuation at 1 April 2018 and 31 March 2019, and previous balance sheet dates	3,553	3,553	3,553	3,553	3,453

From 1 April 2010 the FRS 102 'Heritage Assets' made it mandatory for heritage assets to be reported as tangible fixed assets in the balance sheet, where information is available on cost or valuation. In line with the Museum Association Code of Ethics, the valuation of Heritage Collection acquisitions are only recorded where the item is of significant value and in need of insurance.

A valuation is provided for some of the key items in the Association's collection, particularly those relating to the Founder, since the nature of these items permits sufficiently reliable valuation. The initial valuation was prepared by Lyon & Turnbull, members of the Society of Fine Art Auctioneers and Valuers, in 2011. A revaluation report was produced by Pall Mall on 1 April 2016. In the opinion of the Trustees the values are applicable to these assets at 31 March 2019. Any surplus or deficit on revaluation is charged to the net movement in funds on the Consolidated Statement of Financial Activities. Additional valuations will only be carried out for the purpose of lending items to other organisations.

The Trustees consider that obtaining valuations for the remainder of the Collection would involve disproportionate cost due to the diverse nature of the material held and the lack of comparable market values. Other than the items that have been valued as described above, the Association does not recognise these assets on its balance sheet. It is the intention of The Scout Association to preserve these items indefinitely, therefore amortisation is not considered appropriate.

The Association maintains its collection of heritage assets in good condition. No item in the collection currently requires substantial restoration work.

b) Other fixed assets

Consolidated	Freehold property	Leasehold property	Furniture, fittings and equipment	Motor vehicles	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	28,821	1,074	16,686	310	46,891
Transfers	-	-	(53)	-	(53)
Additions	239	-	2,414	-	2,653
Adjustment	(114)	-	-	-	(114)
Disposals	(13)	-	(41)	(195)	(249)
At 31 March 2019	28,933	1,074	19,006	115	49,128
Depreciation					
At 1 April 2018	7,009	1,012	11,995	275	20,291
Transfers	-	-	(53)	-	(53)
Charge for the year	747	21	2,325	13	3,106
Adjustment	-	-	-	-	-
Eliminated on disposals	-	-	(38)	(179)	(217)
At 31 March 2019	7,756	1,033	14,229	109	23,127
Net book values					
At 31 March 2019	21,177	41	4,777	6	26,001
At 31 March 2018	21,812	62	4,691	35	26,600
The Association					
	Freehold property	Leasehold property	Furniture, fittings and equipment	Motor vehicles	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 April 2018	28,821	1,074	15,002	276	45,173
Transfers	-	-	(53)	-	(53)
Additions	239	-	2,259	-	2,498
Adjustment	(114)	-	-	-	(114)
Disposals	(13)	-	(24)	(179)	(216)
At 31 March 2019	28,933	1,074	17,184	97	47,288
Depreciation					
At 1 April 2018	7,009	1,012	10,453	247	18,721
Transfers	-	-	(53)	-	(53)
Charge for the year	747	21	2,268	10	3,046
Adjustment	-	-	-	-	-
Eliminated on disposals	-	-	(21)	(163)	(184)
At 31 March 2019	7,756	1,033	12,647	94	21,530
Net book values					
At 31 March 2019	21,177	41	4,537	3	25,758
At 31 March 2018	21,812	62	4,549	29	26,452

11. Investment in subsidiary companies

	2019	2018
	£'000	£'000
Cost of shares		
Balance at 1 April 2018 and 31 March 2019	502	502
Provision for diminution in value		
Balance at 1 April 2018 and 31 March 2019	(2)	(2)
Net investment in subsidiaries	500	500

The Association owns 100% of the following unlisted companies:

	Country of incorporation	Issued share capital
Scout Shops Limited	England and Wales	£200,000
Scout Insurance Services Limited	England and Wales	£100,000
Scout Insurance (Guernsey) Limited	Guernsey	£100,000
Scout Services Limited	England and Wales	£100
World Scout Shop Limited	England and Wales	£100,000
Unity Insurance Services Limited (dormant)	England and Wales	£1

The Boards of Directors of Scout Shops Limited, World Scout Shop Limited, Scout Services Limited and Scout Insurance Services Limited have covenanted their companies' taxable profits to the Association.

The Directors of Scout Insurance (Guernsey) Limited declared an interim dividend of £700,000 for the year ended 31 March 2019 (2018: £500,000) which was paid to the Association in September 2018.

The principle activities of each subsidiary is as follows:

Scout Shops Limited	Sale and distribution of merchandise
Scout Insurance Services Limited	Insurance broker
Scout Insurance (Guernsey) Limited	Insurance underwriter
Scout Services Limited	Sponsorship and marketing services for The Scout Association and other commercial activities
World Scout Shop Limited	Sale and distribution of World Scout Organisation branded merchandise

Investment in subsidiaries

The summarised profit and loss accounts and balance sheet totals for the active trading subsidiary companies are shown below:

						2019	2018
	Scout Shops Limited	World Scout Shop Limited	Scout Insurance (Guernsey) Limited	Scout Services Limited	Scout Insurance Services Limited	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trading income	8,898	394	1,487	3,959	2,073	16,811	14,918
Cost of sales	(3,909)	(194)	(1,158)	(2,611)	(1,021)	(8,893)	(6,492)
Gross profit	4,989	200	329	1,348	1,052	7,918	8,426
Other income	221	59	63	-	2	345	595
Other costs and expenses	(1,692)	(146)	(97)	(259)	-	(2,194)	(2,955)
Surplus before taxation	3,518	113	295	1,089	1,054	6,069	6,066
Taxation	67	-	-	-	-	67	14
Dividend/donation to the Association	(3,518)	(113)	(700)	(1,089)	(1,007)	(6,427)	(5,590)
Retained surplus (deficit)	67	-	(405)	-	47	(291)	490
Shareholders' funds							
Share capital	200	100	100	0	100	500	500
Reserves	137	-	1,929	-	55	2,121	2,412
Fund balances carried forward as at 31 March 2019	337	100	2,029	0	155	2,621	2,912

12. Fixed asset investments

Listed investments

	Consolidated		The Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Market value at 1 April 2018	16,452	17,010	9,889	10,008
Less: Disposals at opening value	-	(10,921)	-	(10,482)
Add: Acquisitions at cost	109	10,452	-	10,452
Net gain/(loss) on revaluation at 31 March	15	(89)	15	(89)
Market value at 31 March 2019	16,576	16,452	9,904	9,889
Historical cost at 31 March 2019	16,926	16,926	9,978	9,978

The Association paid investment management fees and commission charges to Cazenove Capital Management during the year. These amounted to £29,000 (2018: £32,000).

13. Stocks

	Consolidated		The Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Goods for resale	1,364	742	137	193

14. Debtors

	Consolidated		The Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	3,984	3,804	904	1,993
Amounts owed by subsidiaries	-	-	3,950	3,690
Other debtors	15,942	5,355	15,051	3,410
Debtors within one year	19,926	9,159	19,905	9,093
Other debtors due between April 2020 and 2029	1,051	1,323	1,051	1,323
	20,977	10,482	20,956	10,416

Other debtors as at 31 March 2019 includes prepayments in respect of the World Jamboree taking place in July 2019.

Other debtors due between April 2020 and 2029 comprise £1,051,000 (2018: £1,323,000) secured, interest bearing loans made to Scout Groups.

15. Creditors

	Consolidated		The Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Deposits by Scout Groups in the Short Term Investment Service	11,336	12,013	11,336	12,013
Trade creditors	3,794	8,910	1,714	1,278
Amounts owed to subsidiaries	-	-	400	732
Other creditors	24,275	7,205	16,869	6,995
	39,405	28,128	30,319	21,018
Amounts falling due after more than one year:				
Insurance technical reserve	1,049	1,711	-	-
Fair value of forward contract	-	277	-	277
Total falling due after more than one year	1,049	1,988	-	277

One of the group's subsidiary entities, Scout Insurance (Guernsey) Limited undertakes insurance activities. Within these financial statements an insurance technical reserve is recognised in relation to claims anticipated to be made in the future against insurance policies written by that company, with amounts included in creditors due after more than one year.

The Scout Association has entered into currency forward purchase agreements associated with the World Jamboree in July 2019. There was an agreement at 31 March 2019 for the purchase of Canadian dollars, the fair value of which represented a liability to the counter party of £2,000. As at 31 March 2018 there was a liability of £277,000 for the purchase of US dollars.

16. Fund Balances**(a) Reconciliation of movement in funds**

	Balance 1 April 2018	Income	Expenditure	Transfers	Gains and losses	Balance 31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Group and charity						
Endowment funds						
1914 Endowment Fund	980	-	-	-	(7)	973
All other funds	317	1	-	-	-	318
	1,297	1	-	-	(7)	1,291
Restricted funds						
King George VI Leadership Fund	782	20	(12)	-	(2)	788
International Fund	193	11	(24)	-	(1)	179
Benevolent Fund	166	6	(12)	-	(1)	159
Cornwell Memorial	186	6	(3)	-	-	189
Gilwell Development	195	27	(31)	-	-	191
Pears Foundation Big Lottery Fund	1,300	-	(378)	-	-	922
Local Development Funds	869	1,000	(1,398)	146	-	617
All other funds	1,314	387	(435)	45	-	1,311
	5,005	1,457	(2,293)	191	(4)	4,356
Designated funds						
Fixed assets	30,005	-	(41)	(653)	-	29,311
World Scout events	270	-	(35)	-	-	235
Future growth	-	-	-	103	-	103
Gilwell Park buildings	149	-	-	-	-	149
Capital development	-	-	-	591	-	591
	30,424	-	(76)	41	-	30,389
Unrestricted funds						
General funds	9,910	18,348	(17,813)	(232)	301	10,514
Pension reserve	(8,454)	-	109	-	(2,010)	(10,355)
	1,456	18,348	(17,704)	(232)	(1,709)	159
Total charity funds	38,182	19,806	(20,073)	-	(1,720)	36,195
Group						
Non-charitable trading funds						
Trading subsidiaries	2,412	17,156	(17,447)	-	-	2,121
	2,412	17,156	(17,447)	-	-	2,121
Total group funds	40,594	36,962	(37,520)	-	(1,720)	38,316

16. Fund Balances**(a) Reconciliation of movement in funds for 2017/18**

	Balance 1 April 2017	Income	Expenditure	Transfers	Gains and losses	Balance 31 March 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Group and charity						
Endowment funds						
1914 Endowment Fund	1,007	-	-	-	(27)	980
All other funds	324	-	-	-	(7)	317
	1,331	-	-	-	(34)	1,297
Restricted funds						
King George VI Leadership Fund	796	25	(18)	-	(21)	782
International Fund	248	14	(58)	-	(11)	193
Benevolent Fund	173	7	(9)	-	(5)	166
Cornwell Memorial	186	5	(1)	-	(4)	186
Gilwell Development	148	47	-	-	-	195
Pears Foundation Big Lottery Fund	-	1,323	(23)	-	-	1,300
Local Development Funds	328	568	(339)	312	-	869
All other funds	1,528	501	(488)	(211)	(16)	1,314
	3,407	2,490	(936)	101	(57)	5,005
Designated funds						
Fixed assets	30,423	-	-	(418)	-	30,005
World Scout events	281	-	-	(11)	-	270
Future growth	287	-	-	(287)	-	-
Gilwell Park buildings	149	-	-	-	-	149
	31,140	-	-	(716)	-	30,424
Unrestricted funds						
General funds	13,359	17,039	(20,828)	615	(275)	9,910
Pension reserve	(11,786)	-	3,011	-	321	(8,454)
	1,573	17,039	(17,817)	615	46	1,456
Total charity funds	37,451	19,529	(18,753)	-	(45)	38,182
Group						
Non-charitable trading funds						
Trading subsidiaries	1,908	15,513	(15,009)	-	-	2,412
	1,908	15,513	(15,009)	-	-	2,412
Total group funds	39,359	35,042	(33,762)	-	(45)	40,594

16. Fund Balances

(b) Restatement

The results for 2017/18 and the balance sheet as at 31 March 2018 have been restated following the review of income sources. Grant income recognised in 2018 has been increased from £1,622,000 to £2,846,000. Sponsorship income recognised by Scout Services has reduced, decreasing trading income from £10,337,000 to £10,052,000.

These changes in treatment have been reflected as prior year adjustments, with the impact shown below.

	Previously reported £'000	Prior year adjustment £'000	Restated £'000
Consolidated funds			
Restricted income from donations	1,047	1,323	2,370
Unrestricted income from donations	575	(99)	476
Unrestricted income from trading activities	10,337	(285)	10,052
Restricted charitable expenditure	(913)	(23)	(936)
Unrestricted charitable expenditure	(26,825)	23	(26,802)
SOFA net movement in funds	296	939	1,235
Debtors, adjusting accrued income	9,258	1,224	10,482
Creditors, adjusting deferred income	(27,843)	(285)	(28,128)
Net assets and total funds	39,655	939	40,594
General funds	10,271	(361)	9,910
Restricted funds	3,705	1,300	5,005
Increase in funds		939	
The Association			
Other debtors, adjusting accrued income	2,186	1,224	3,410
Amount owed by subsidiaries	3,975	(285)	3,690
Net assets and total funds	37,243	939	38,182
General funds	10,271	1,300	11,571
Restricted funds	3,705	(361)	3,344
Increase in funds		939	

(c) Endowment funds - Consolidated and the Association

Endowment funds include the 1914 Endowment Fund and 6 (2018: 6) other funds administered by the Association. Income from the 1914 Endowment Fund and two others is unrestricted and credited to the General Fund. Income from one fund is restricted and income from the remaining fund is paid to an external Scouting beneficiary.

(d) Restricted funds - Consolidated and the Association

The main restricted funds are shown in notes 16(a), comprising national and local development funds.

Further details of the funds available, and the process of applying to them for grants, are to be found at scouts.org.uk/grants.

(e) Designated funds - Consolidated and the Association

The fixed asset fund represents the value of the tangible fixed assets, goodwill & licences, and heritage assets. The Gilwell Park buildings' fund separately represents the value of those assets.

The World Scout Events Fund provides support to members attending World Scouting events, such as World Jamborees, the World Moot and the World Scout Conference.

The Future Growth Fund, administered by the Development Grants Board, is used to finance a variety of projects relating to the medium to long term growth of Scouting.

The Capital Development Fund represents capital projects that have been approved by the Finance Committee to improve the safeguarding and operations of the charity, where the future commitment has not been incurred at the year end.

(f) Analysis of net assets between funds

	Unrestricted £'000	Restricted £'000	Endowment £'000	Total
Intangible fixed assets	235	-	-	235
Tangible fixed assets	29,554	-	-	29,554
Investments	15,285	-	1,291	16,576
Current assets	27,068	15,692	-	42,760
Current liabilities	(28,069)	(11,336)	-	(39,405)
Long term liabilities	(1,049)	-	-	(1,049)
Pension liability	(10,355)	-	-	(10,355)
	32,669	4,356	1,291	38,316

17. Other financial commitments and authorised expenditure

	2019	2018
	£'000	£'000
At 31 March 2019, the Group had the following minimum lease payment obligations under non-cancellable operating leases		
Within one year	422	415
Between three and five years	312	295
Total	734	710

At 31 March 2019 there was capital expenditure authorised but not committed of £591,000. This future expenditure has been reflected in the designated capital development fund shown in Note 16.

At 31 March 2019 there was approval for Scout Shops Limited to purchase the business and assets of a personalised clothing company at an estimated cost of £225,000.

18. Contingent liability

The Scout Association offers unique experiences to 6 to 25 year olds in order to encourage them to strive to realise their full potential. Putting young people first is a key objective that underpins everything we do. It has always been the policy of The Scout Association to ensure that young people are protected from harm; this has been at the forefront of developing both our safeguarding education programme and our processes and procedures. However, the nature of this work could give rise to potential claims against the Scout Association.

19. Related party transactions

During the year 14 Trustees (2018: 13 Trustees) were reimbursed expenses, such as travel and subsistence, incurred in their attending meetings and in the carrying out of their duties. Note 6 refers to trustee remuneration.

Transactions with the defined benefit pension scheme comprised agreed payments £550,000 (2018: £3 million plus £550,000) in accordance with the agreed deficit reduction plan and a further £250,000 in relation to normal contributions in respect of current employees.

Transactions with subsidiaries:

Entity	Sales made by TSA to related party £'000	Management charges to related party £'000	Purchases from related party £'000	Amounts due from related party at 31 March 2019 £'000	Amounts due to related party at 31 March 2019 £'000
Scout Shops Limited	-	70	300	2,608	30
World Scout Shop Limited	-	-	-	111	121
Scout Services Limited	262	250	111	385	-
Scout Insurance Services Limited	-	109	-	1,020	436

Independent auditor's report to Trustees of The Scout Association

Opinion

We have audited the financial statements of The Scout Association ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, the consolidated and Parent Charity balance sheets, the consolidated and Parent Charity cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 **the Financial Reporting Standard applicable in the UK and Republic of Ireland** (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 & 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance

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

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 require us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

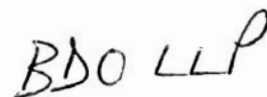
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. 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 an auditor's report and for no other purpose. 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 as a body, for our audit work, for this report, or for the opinions we have formed.



Fiona Condron

(Senior Statutory Auditor)
For and on behalf of BDO LLP,
statutory auditor
Gatwick

Date 18 July 2019

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Our members

Census results for the year ended 31 March 2019

			2019
	Male	Female	Total
Youth membership			
Beaver Scouts	103,435	24,744	128,179
Cub Scouts	124,209	32,910	157,119
Scouts	96,011	34,468	130,479
Explorer Scouts	29,654	14,378	44,032
Network members	9,586	5,412	14,998
Total youth membership	362,895	111,912	474,807
Leadership			
Sections leaders	36,877	30,041	66,918
Section Assistants	9,102	8,745	17,847
Group Scout Leaders	5,023	2,695	7,718
District Skills Instructors	804	225	1,029
District Advisers	493	274	767
District Scouters	684	504	1,188
District Commissioners	2,073	1,147	3,220
County + Skills Instructors	341	84	425
County + Advisers	374	159	533
County + Scouters	197	130	327
County + Commissioners	472	223	695
Total leadership	56,440	44,227	100,667
Organisational support			
Group Exec	12,682	15,930	28,612
District Office Bearers/Exec	1,753	1,031	2,784
County + Office Bearers/Exec	305	113	418
Active Support	7,541	5,583	13,124
Individual Members and Associate Members	9,939	8,447	18,386
Total organisational support	32,220	31,104	63,324

	Male	Female	2019 Total
Total membership	451,555	187,243	638,798
Members	449,509	185,284	634,793
Associate Members	2,046	1,959	4,005
Total Membership due to pay the Headquarters Membership Subscription ie Total of Youth Membership excluding Scout Network			459,809
Statistical information			
Young Leaders	-	-	-
Network members (recorded elsewhere)	-	-	-
Total Network members	9,586	5,412	14,998
Units			
Beaver Scout Colonies			7,721
Cub Scout Packs			8,120
Scout Troops			7,202
Venture Scout Units			-
Explorer Scout Units			2,881
Local Scout Networks			587
Active Support Units			1,418
Young Leader Units			558
Groups			7,253
Districts			641
Counties/areas			88
Countries			4

How we operate

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 Association's Policy, Organisation and Rules.

This report and accounts cover the activities directly controlled by the Association - charity numbers 306101 (England and Wales) and SCO38437 (Scotland). This includes its five wholly owned subsidiary companies – Scout Shops Limited, Scout Insurance Services Limited, Scout Insurance (Guernsey) Limited, Scout Services Limited and World Scout Shop Limited (see note 11 to the accounts on page 49 for further information on these companies).

The activities of the Scout Councils of Northern Ireland, Scotland and Wales together with Scout Counties, Areas, Regions (Scotland), Districts and Groups are not reflected in this report and accounts. These bodies are autonomous charities affiliated to the Association which together form the Scout Movement in the United Kingdom.

The Board of Trustees

The management of the Association's business is vested in the Board of Trustees. The Board has 20 members:

- twelve members nominated and elected by the Council of The Scout Association at the AGM: nine elected members and three elected youth members
- five members appointed by the Council at the AGM on the recommendation of the Board: the Chair of the Board, the Treasurer and up to three others
- two Ex-Officio Members (the Chief Executive and UK Chief Commissioner), and one co-opted member, the UK Youth Commissioner.

We provide induction for all new Trustees and all Trustees take part in further training and development opportunities throughout the year. These include a training and development session before each Board meeting which focuses on one or more areas material to the Association's business.

During the last year, the following areas have been explored by the Trustees:

- board effectiveness
- safeguarding and safety
- commercial

The Board's responsibility includes policy making and oversight of risk management. It delegates the day to day management of the Association to the Chief Executive and UK Chief Commissioner, who work in partnership with the UK Chief Commissioner's team, (Team UK) the UK Youth Commissioner and his team and the Senior Leadership Team. The Board also delegates certain functions to the seven Committees which report to it (Operations; Finance; Staffing Salary and Remuneration; Nominations and Governance; Safeguarding; Safety and Risk). The Board appoints Trustees to serve on these Committees annually, with the Committee Chair having a three-year term, subject to performance and their continuation as a Trustee. The Board met four times during 2018/19. Most of the Committees met quarterly.

Policies and rules

The Association has a comprehensive set of policies and rules applicable to the movement, which are regularly monitored and reviewed by senior volunteers, senior management and staff employed across the UK. We're committed to providing the best possible experience for everyone in Scouting, whether they're young people or adult volunteers. To help us achieve this, we work to a number of key policies through which we can make sure that Scout continues to develop in a way that is safe, accessible and free from discrimination.

Our key policies include:

- anti-bullying policy
- development policy
- religious policy

- child protection policy
- equal opportunities policy
- privacy and data protection policy

Risk management

A comprehensive risk management process is operated by The Scout Association and its subsidiaries in order to make sure that appropriate steps are taken to manage and mitigate governance, external, operational, legal/regulatory and financial risks. This is overseen and monitored by the Risk Committee on behalf of the Board.

The process involves the identification and grouping of the risks we face, evaluating them in terms of their potential impact and likelihood to occur, considering the Association's risk appetite and identifying means whereby the risks can be mitigated and managed. Responsibility for their management is assigned to members of the Senior Leadership Team and Chairs of the Board's reporting committees, as well as the Boards of its subsidiaries. It is recognised that the nature of our work requires active acceptance and management of risks in undertaking activities in order to achieve our charitable objectives.

The Board reviews its major risks throughout the year. The safety and safeguarding of young people involved in Scouts are our highest priorities.

Other major risks include:

- reputational damage stemming from external factors
- a decline in youth membership
- insufficient number of adult volunteers
- information security breach
- failure to deliver on digital projects
- pension scheme deficit liabilities increasing faster than the agreed recovery plan and investment performance.

In all cases, the above risks are either being mitigated or controlled.

During the year, the risk framework has been used regularly to enable trustees and managers to respond to risk in a structured and robust fashion. The register was revised and approved by the Board, with more detailed work now underway to ensure mitigants are robust. This work will continue into 2019/20.

In support of other charities in the Association the agreed risk management framework continues to evolve. Work continues to support local Executive Committees to deliver their risk management responsibilities based on guidance from the Charity Commission.

Safeguarding

The safeguarding of young people in our care remains our number one priority. Our focus on evolving our safeguarding service delivery has continued over the past year. Enhancements to the service include: further investment in safeguarding processes and capacity, the appointment of two new National Safeguarding Operations Managers - in addition to our Head of Safeguarding - both of whom have extensive experience in child protection and multi-agency working, the re-organisation of our Safeguarding department to include our vetting function and the development of a Duty Team to manage all referrals. These enhancements have further developed working practices increasing confidence in the delivery of our service.

Our safeguarding training and support material has been refreshed to ensure it's current while we complete a wider review of the mandatory training our volunteers are required to take in safeguarding and safety.

We've worked hard on the continued culture of openness and transparency that's vital in having an effective safeguarding system. Our Yellow Card Code of Conduct is embedded in everything we do and a priority over the last year has been ensuring everyone knows the Code of Conduct including young people and parents so they are clear about the behaviour expectations of our volunteers. There's a golden thread of safeguarding throughout the organisation. The Board of Trustees receives a quarterly report on Safeguarding and Safety. We have a strong Safeguarding Committee that's chaired by a Trustee with extensive experience in safeguarding. Included in the composition are external safeguarding experts.

The Safeguarding Committee is in receipt of regular performance data and makes sure this is used effectively to improve practice or changes to training to address any lessons learnt.

We continue to engage with the wider sector, sharing best practice, and have presented at national conferences on our safeguarding arrangements and governance as examples of best practice. We've also been involved in leading the work on the Charity Commission's priority review of effective reporting across the sector.

We continue to work with the Disclosure and Barring Service, Disclosure Scotland, and AccessNI as part of our safer recruitment processes. Over the last year, we've been subject to two compliance audits. The first by the Disclosure and Barring Service, the outcome being Compliant (with no recommendations), which is the highest determination against the Disclosure and Barring Service's Code of Practice. It is understood that the Scouts is the first registered body to receive this outcome. The Second by AccessNI, the outcome being Compliant, which again, is the highest determination against AccessNI's Code of Practice.

We've completed all actions from the external Independent Review of Safeguarding in Scout, commissioned to review our safeguarding system. This has been pivotal to our continued developments and enhancements in this important area of our work.

Fundraising: our approach

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we don't receive widespread fundraising from the general public, the legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes.' Such amounts receivable are presented in our accounts as 'voluntary income' and includes legacies and grants.

In relation to the above, we confirm that all solicitations are managed internally, without involvement of commercial participators or external professional

fundraisers, or third parties. The day-to-day management of all income generation is delegated to the Senior Leadership Team which is accountable to the Board of Trustees. The Charity is a member of the Institute of Fundraising regulated by the Fundraising Regulator and complies with industry codes of practice and all relevant legislation.

We've received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times in their contact with donors. No-one should be pressured into donating, and we don't contact anyone if we know they don't want us to. We take our supporters' requests and the protection of their personal data very seriously. All of our supporters can choose to opt out of our communications at any time, and we never share or sell their data.

Governance structure and Board membership – 1 April 2018 to 31 March 2019

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

Lord Baden-Powell

John Beresford, CBE

Wayne Bulpitt, CBE

Peter Duncan

George Purdy, CBE

Chief Scout

Lt Col (Hon) Bear Grylls RM OBE

The Board of Trustees

The percentages indicate the number of eligible Board meetings each member attended.

- 1= Finance Committee Member
- 2= Operations Committee Member
- 3= Nominations and Governance Committee Member
- 4= Staffing, Salary and Remuneration Committee Member
- 5= Risk Committee Member
- 6= Safeguarding Committee Member
- 7= Safety Committee Member

Trustees (voting)

Gordon Boyd (100%) 1, 4
Treasurer

David Branagh (100%) 1

Jack Bullon (75%) 1, 3, 7
Byron Chatburn (100%) 2
(until September 2018)

Frances Craven (75%) 6

Gareth Davies (100%) 1

Nicola Gamlen (100%) 1, 3

Sue Harris (100%) 2, 5, 6

Stuart Howells (100%) 3, 4, 5
Vice Chair of the Board

Liz Jack (100%) 5
(until September 2018)

Gareth Jones (100%) 2, 3
(from September 2018)

John Kennedy (75%) 1, 3

Hannah Kentish (100%) 2, 3
UK Youth Commissioner
(until September 2018)

Dr Ann Limb CBE DL, (100%) 3
Chair of the Board

Matt Mills (100%) 2, 5

Kieron Moir (100%) 2, 3, 6

Ashley Russell (100%) 3

Lexie Sims (75%) 4

Jane Simpson (100%) 5, 7

Ollie Wood (75%) 2, 3
UK Youth Commissioner
(from September 2018)

Tim Kidd (100%) 2, 3
UK Chief Commissioner

Matt Hyde (100%) 3, 4
Chief Executive

Right of attendance (non-voting)

The Chief Scout, the Deputy Chief Scout, the International Commissioner, any Country/Regional/ County/Area Commissioner or Chair and Chief Commissioners.

Invited to attend (non-voting)

David Hamilton
Director of Communications

Mark Hislop
Director of Commercial Services

Ross Maloney
Chief Operating Officer 2

Yvonne Smithers
Chief Financial Officer and

Company Secretary 1, 5

In addition to its Trustee members as indicated above, each Board Committee, except the Nominations and Governance Committee, has one or more non-Trustee members appointed for their specialist skills and at least one member who is under the age of 25 years.

Our advisers

Auditors:

BDO LLP
2 City Place Beehive Ring Road Gatwick
West Sussex RH6 0PA

Bankers:

Barclays Bank plc 1 Churchill Place
London E14 5HP

Investment managers:

Cazenove Capital Management 1
London Wall Place
London EC2Y 5AU

Pension advisers:

Barnett Waddingham LLP
Port of Liverpool Building, Pier Head
Liverpool L3 1BW

Solicitors:

Bates Wells Braithwaite LLP 10 Queen
Street Place London EC4R 1BE

Kennedys 25 Fenchurch Avenue
London EC3M 5AD

Our thanks

Scouts would like to thank all its volunteers and supporters for their commitment and contributions over the last year. Special thanks go to those mentioned here.

Fundraising

With thanks to our valued partners
BEAR Nibbles (Urban Fresh Foods Limited)
British Army
Caravan and Motorhome Club
CrossCountry Trains
Halfords
Heathrow Airport
GoFundMe
GO Outdoors
Institution of Engineering and Technology (IET)
Jaffa (AMT Fruit)
KidZania
Macmillan Publishers
Merlin Entertainments
Northern Powergrid
ODEON
Pets at Home
RAC
Raspberry Pi
Royal Air Force
Rolls-Royce
Royal Navy
Swimming Teachers Association (STA)
The Salvation Army
UK Power Networks
UK Space Agency
Victorinox (UK)
Zoological Society of London (ZSL)

We'd like to thank our Gilwell Fellows and supporters of Gilwell Park, UK Fellows, 1st Gilwell Park and Campfire Circle supporters along with everybody that generously gives and raises money on our behalf throughout the year.

A special thank you to Rob and Poldy who've raised over £96,000 to date by undertaking an extraordinary challenge for Scouts in 2018.

Trusts and Foundations

Appreciation goes to all our valued funders:

The Alpkit Foundation
The Aziz Foundation
The Blgrave Trust
The Big Lottery

Department for Culture, Media and Sport
Department of Education
Department for the Environment and Rural Affairs
Duke of Edinburgh Award
The Eric Frank Trust
The Four Acre Trust
The Jack Petchey Foundation
John Lyon's Charity
The Masonic Charitable Foundation
Pears Foundation
The Penny Appeal
The Royal Institute of Chartered Surveyors
Royal Navy
Trinity House
The TCC Foundation
The Worshipful Company of Shipwrights
Youth United Foundation
#iWill Fund

Community Impact – 'A Million Hands' partners

Alzheimer's Society
Alzheimer Scotland
Canal and River Trust
Scottish Waterways Trust
Waterways Ireland
Guide Dogs for the Blind Association
Leonard Cheshire Disability
Mind
Inspire
Scottish Association of Mental Health

Other charity partners

Action for Children
British Youth Council
Generation Change
Girlguiding UK
National Citizen Service
National Council for Voluntary Organisations (NCVO)
Step Up to Serve

Scout Ambassadors

Steve Backshall
Julia Bradbury
Warwick Davis
Chris Evans
Dwayne Fields
Megan Hine
Helen Glover MBE
Tim Peake CMG
Anita Rani
Ellie Simmonds OBE
Ed Stafford

Scout Adventurers

Darren Clarkson-King
Sean Conway
Karen Darke MBE
Joe Doherty
Alastair Humphreys
Laura Jones
Rhys Jones
Poldy van Lynden
Robert McArthur
Phoebe Smith
Mark Wood

