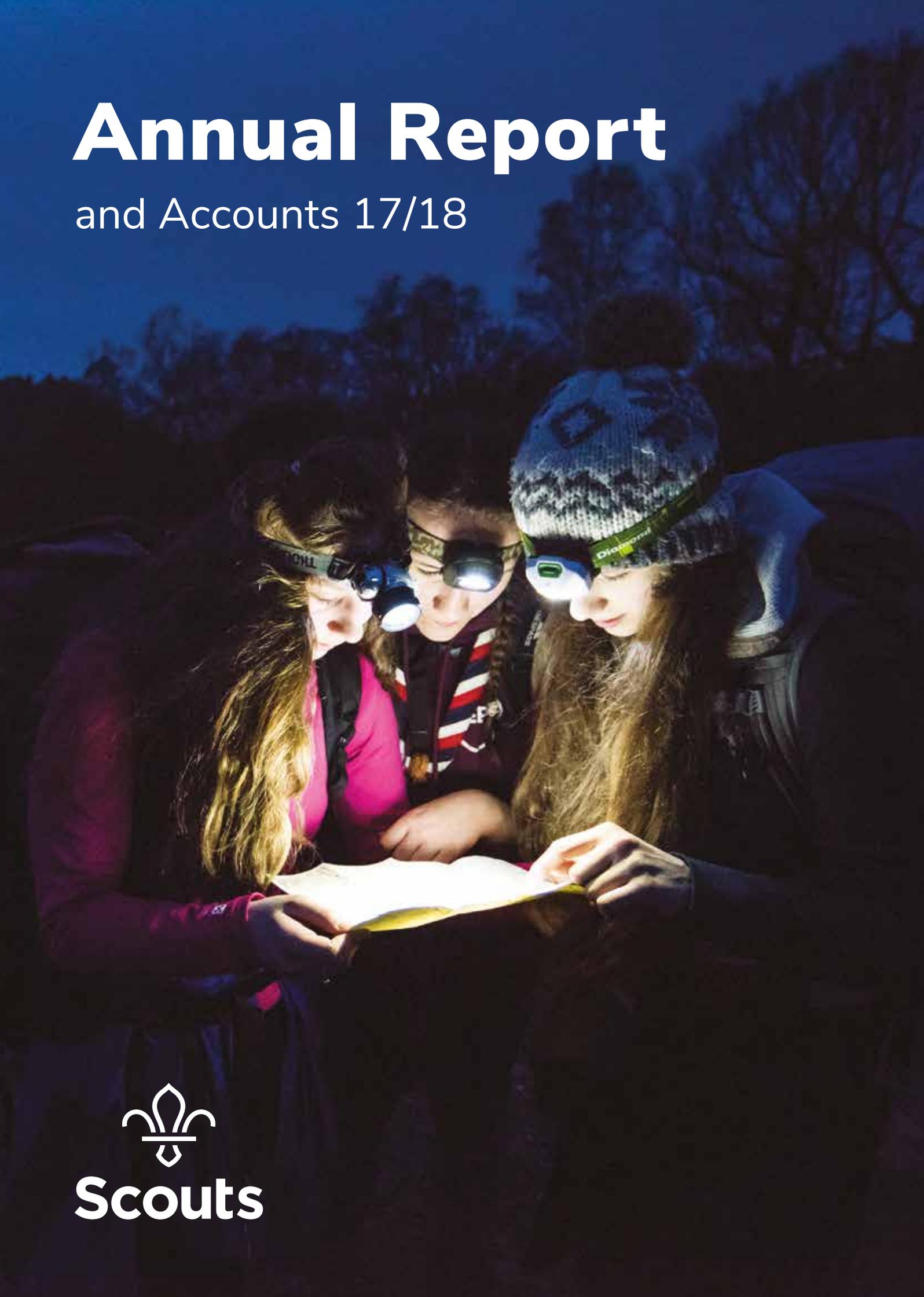


# Annual Report

and Accounts 17/18



**Scouts**

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# Welcome from the Chair

## A year of preparation

Our movement has had a year to remember. As well as celebrating 13 consecutive years of youth growth, our longest period of sustained youth growth since the 1930s, we have focused on the completion of our 2014-2018 strategic plan Scouting for All, and the development of our new 2018-23 plan Skills for Life: our plan to prepare better futures. Throughout the development of our new plan, we carefully considered the needs of our volunteers right across the UK. We acknowledged some specific requirements of the devolved nations while embracing the same key themes as our overarching strategy. We coordinated the announcement of the plan with the headquarters of Scouts NI, Scouts Scotland (who emphasised particular programmes of work in Scotland) and ScoutsCymru.

While planning for the next five years, we have also been preparing for the launch of our updated brand and visual identity. For the first time, we have a truly unified identity across the UK, yet have preserved the special distinctiveness of Scouts Scotland, ScoutsCymru and Scouts NI through bold use of colour. Members from the devolved Nations contributed significantly to the development of both the new strategy and brand.

In addition, we put in place a strategy, resources and training to prepare for GDPR in May 2018. Most importantly, as part of our new plan, we have restated our intention to grow, to become more youth shaped and, at the same time, to make a positive impact in local communities throughout the UK.

I am thrilled to say that, this year, our membership has grown again bringing us to almost 640,000 members in the UK. We have welcomed another 11,000 youth members, taking the total number of 6-25 year olds in Scouting up to 475,000. We now also have more adult volunteers than ever before!

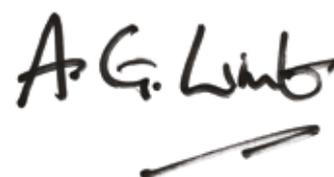
Our last plan, Scouting for All, recognised the power and importance of working towards a more inclusive movement. I'm delighted that there are now over 102,500 girls in UK Scouting. One of our fastest growing areas is youth members from the Muslim community and we recently saw the opening of the UK's first Buddhist Scout Group. Our representation at Pride continues to impress and we're continuing to support disabled young people to fully participate in Scouting. Since 2013 we've also started 834 new sections in areas of deprivation, ensuring that we continue to reach those young people who can benefit from Scouting most.

Our determination to become more inclusive is driven by the belief that every young person deserves a better future. Across the globe, we're seeing young people calling for more inclusive, kinder communities. Our young people's passion and commitment to our social action campaign, A Million Hands, is testament to this. Our adult volunteers have been dedicated to empowering young people in Scouting to be able to shape their experiences.

But this work is not complete. We can always go further and work harder to ensure even more people gain skills for life, the key benefit of Scouting. Our new plan, which takes us to 2023, will help prepare more young people with the skills they need to succeed in life by focusing on three pillars of work: Programme, People and Perception.

Over the next five years, we will build on the successes of our last plan and continue to focus on growing, becoming more inclusive and youth shaped, while making a bigger impact in our communities.

Thanks to the tireless efforts and excellent teamwork between our volunteer and staff teams across the UK, this has been an exceptional year and I feel so proud to be part of this extraordinary team. I am confident that if we all continue to work together we will achieve our ambitious vision of creating better futures both for our young people and in our wider society.



**Ann Limb**  
Chair, The Scout Association

# Our purpose and method

Scouting 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.

The Association's Trustees have a duty to report on the Association's public benefit in their Annual Report. We have 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 have met the Charity Commission's public benefit criteria for both the advancement of education and the advancement of citizenship and community development. The Scouting Movement complies with two key principles set by the Commission with regard to public benefit:

## 1. Identifiable benefit

The way in which Scouting is carried out helps young people in their personal development, empowering them to make a positive contribution to society; this benefit is directly linked to the Purpose of Scouting.

## 2. Public benefit

Scouting 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. The Association enables those in poverty to benefit from Scouting; while the Association charges a subscription to its members, the benefits of Scouting are not constrained by a member's inability to pay. Locally, there are arrangements to waive subscriptions and other costs for those who cannot afford to pay. Nationally, there are funds available for uniform and activities so that young people are not excluded from activities if they are unable to pay.

The benefits of Scouting are further demonstrated throughout this report.

# Strategic aims and performance

## 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 will 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, become more inclusive, to be shaped by young people and to make a bigger impact in our communities. We have set new goals for 2023.

More information is available at [scouts.org.uk/ourplan](https://scouts.org.uk/ourplan)

# Review of Scouting for All, our 2014-18 strategy

In 2014, we committed to grow, become more inclusive, more youth shaped and to make a bigger impact in our communities by 2018. Thanks to the fantastic work of all our members we have made great progress.

## Growth

Scouting succeeds when we offer opportunities to as many young people as possible. Key to the growth of the Scout Movement is the recruitment of enough adult volunteers to open new sections, and to provide an inspiring programme supported by amazing Section Leaders.

In 2014, we recorded 104,125 adult volunteers in Scouting. We now have 163,533 adult volunteers, our highest ever number. Encouragingly, the number of front-line Section Leaders and Section Assistants has increased by 6.5%.

2017/2018 was also our 13th consecutive year of youth growth. In 2014, we recorded 445,248 young people in Scouting, by 2018, this number had increased to 475,294. This steady incremental growth is unusual in youth organisations today.

Following Cubs100, we saw an increase in Cub numbers of 1.3%. The campaign won Britain's best charity communications campaign of 2016 in the Third Sector Awards, receiving major recognition and contributing to even more growth. Young Leaders are on the up too, with an increase of 1.4% recorded in 2018. Encouraging Explorer Scouts to take on leadership roles at 14 gives them a great introduction to volunteering. When they turn 18 they are then more likely to continue in Scouting as adult volunteers. Increasing the number of Young Leaders will also improve programme delivery immediately.

## Inclusivity

Scouting continues to become more reflective of the diversity of UK society. In 2014, 22% of our membership was female and today, 29% is female, including 102,501 girls and young women aged 18 and under.

We have also increased representation from minority and ethnic groups. Scouting in the Muslim community is growing and in 2018 we recorded over 5,000 members in local Groups supported by the Muslim Scout Fellowship across the UK.

Since 2014, we have started 834 new sections in areas of deprivation. These initiatives enable even more adults and young people to gain skills for life while creating spaces for young people of different backgrounds to mix and build friendships. We also celebrate our inclusivity with a presence at Pride events across the UK every year.

In January 2017, we set up the Inclusivity Advisory Group to advise, challenge and inform the future strategic approach to inclusivity. The Group was made up of adult volunteers as well as experts from external organisations, and ensured that under-represented voices were included in this process. The Trustee Board accepted all of the Group's recommendations which have been incorporated in the new strategic plan. In 2015/2016, we partnered with the disability charity Scope to support disabled young people to fully participate in Scouting. The work resulted in 29 new sections opening and over 360 new young people welcomed into Scouting, as well as the development of guidance and resources. Yet there is still much to be done, with 60,000 young people on the waiting list to join the Scouting Movement.

Public perception of our diversity is steadily improving too. In 2016, 71% thought Scouting was open to people of all backgrounds; in 2017, it increased to 81%. To support us with public perception, we've recruited a great team of Scout Ambassadors including ESA astronaut Tim Peake, Countryfile presenter Anita Rani, polar explorer

Dwayne Fields, Paralympic swimmer Ellie Simmonds, survival expert Megan Hine, adventurer Steve Backshall and Olympic rower Helen Glover. These joined existing Ambassadors, Chris Evans, Ed Stafford and Julia Bradbury to help us recruit more members from a wide range of backgrounds.

### **Youth Shaped**

Scouting works better when young people shape their experiences. That's something we have always known and we've made great progress in ensuring that more young people are shaping Scouting across the UK. A major step forward has been the appointment of 396 District and County Youth Commissioners who are driving this change locally.

There is also now a wider Youth Commissioner Team, with four new Assistant UK Youth Commissioners appointed in 2017 whose remits reflect the four areas of the

Youth Shaped Scouting strategy: programme, leadership, management and governance. At a national level, it's also great to report that 20% of UK Trustees are now young people. Our yearly YouShape events have been held across the UK, attended by young people and they're generating brilliant ideas about how to improve Scouting. Over 240,378 YouShape badges have been earned since 2016.

### **Community Impact**

Since the launch of A Million Hands, our social impact campaign, in 2015, over 4,600 Scout Groups have registered. That means over 250,000 young people have had the opportunity to take part in high-quality social action on four big issues of our time. When we conducted our annual survey of adult members we found that the number of Scout Groups delivering community impact had risen from 25% in 2015 to over 56% in 2017.

The campaign is delivering for two reasons: First, it's embedded in the Scout Programme, with opportunities for young people to do it as part of

their termly programme rather than something extra. And second, it's supported by strong partnerships. A number of great partners came on board in 2014 to provide expertise and support. This great teamwork was recognised when the campaign won 'Cross-Sector Partnership of the Year' at the Charity Times Awards 2016.

As a measure of the campaign's success, over 1,400 projects have been logged and 90,000 Community Impact Badges have been earned, recognising over 700,000 hours of action. There are now 22,000 Scouts trained as Dementia Friends.

After extensive consultation with both adults and young people in the movement, we launched our new strategic plan, Skills for Life: our plan to prepare better futures 2018 -2023, in May 2018. We will continue to focus on growing, being more inclusive and youth shaped, and making an impact in our communities through three pillars of work: programme, people and perception.





# 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

- 50k more young people
- 10k more Section Leaders
- 5k more Young Leaders

#### Inclusivity

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

#### Youth Shaped

- 250k young people shape their Scouting each year
- 50% young people achieve top awards

#### Community Impact

- 250k young people making a positive impact in their local communities each year
- 50% young people achieve top awards

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### 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

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

# Growth

As a movement, we have grown for the last 13 years. We want to continue that positive trend, bringing skills for life to more young people across the UK.

Number of young people (6-18) in Scouting



Data source: Scouts Annual Census Survey

## Our Growth goals

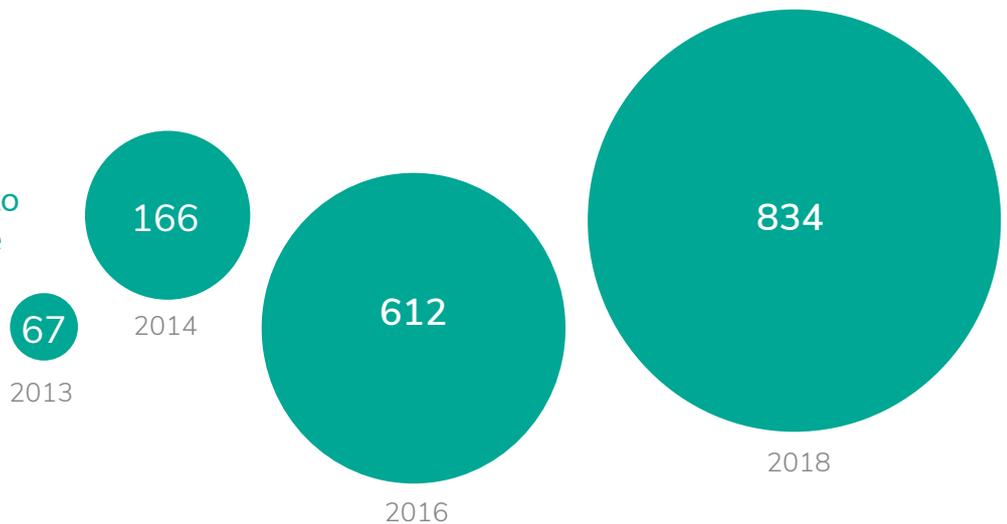
### By 2023:

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

# Inclusivity

Scouting is open to all. We now have over 102,500 girls in Scouting in the UK and have started 834 sections in areas of deprivation since 2013. We believe it's a priority to reflect the diversity of the communities we are in.

Number of sections in areas of deprivation since 2013



Data source: Better Prepared and grant funded projects

## Our Inclusivity goals

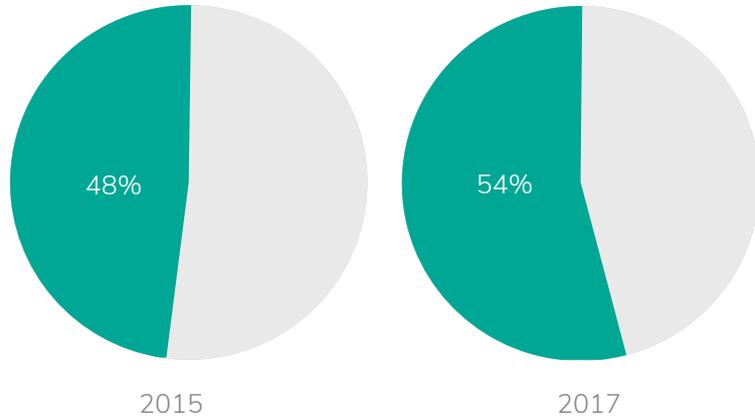
### By 2023:

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

# Youth Shaped

Building on our work in this area by giving young people opportunities to use their voice is an important part of developing the leaders of the future. We believe that if young people are shaping their Scouting, they will improve Scouting and are more likely to achieve their top awards.

Percentage of sections running regular youth forums enabling young people to shape their programme



Data source: Your Programme Your Voice annual volunteer survey

## Our Youth Shaped goals

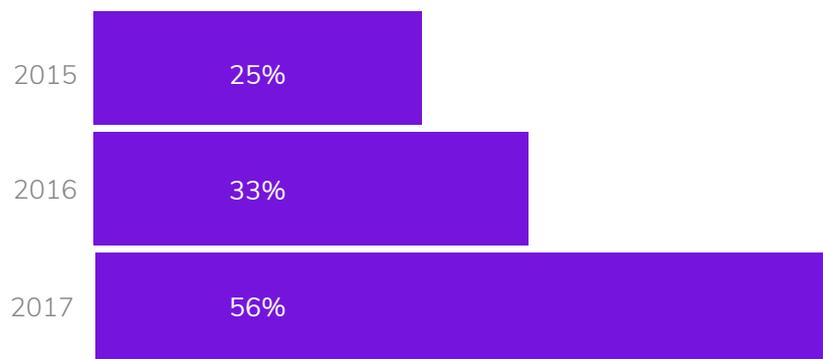
### By 2023:

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

# Community Impact

Since the launch of our social action campaign, A Million Hands, in 2015, 700,000 hours of high quality social action have taken place on four big issues of our time.

Percentage of sections taking part in a community impact project



Data source: Your Programme Your Voice survey 2015/2017 Strategy survey 2016

## 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

# Our three pillars of work

Programme, people, perception

Our plan of action takes the form of three pillars of work: programme, people and perception.

These three pillars underpin our long established charitable activities.

By focusing on a high quality programme, we will attract and retain more young people. To deliver an inspiring programme to young people in Scouting, we also need to focus on the recruitment, retention and training of volunteers.

To ensure that Scouting is inclusive and reflects the diversity of our society, we need to reach people from a range of backgrounds.

By improving the perception of Scouting, we will extend our reach, recruit more young people and adult volunteers, and gain more support.

# Programme

## Our aim

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

## Support quality programmes

We will support the delivery of high quality programmes that are challenging, relevant and rewarding for every young person with a focus on supporting young people to achieve their top awards. Amazing Section Leaders are the key to achieving our goals and will be supported through digital tools, programme resources and practical training.

### Develop amazing Section Leaders

By 2023:

- we will equip Section Leaders (particularly those new to Scouting) with the practical skills and knowledge needed to deliver a challenging and adventurous programme

### Digital programme planning

By 2023:

- we will reduce programme planning time
- we will make it easier to find and share programme ideas and resources

### 'Off the shelf' programmes

By 2023:

- adaptable, ready-made programmes, designed in partnership with adult volunteers and young people, will be available

### Digital tools to track progress

By 2023:

- we will ensure volunteers can keep track of a young person's achievements more easily
- we will be working more closely with other organisations that have similar digital tools

## Review the offer for 14-25 year olds

We want young people to get the best possible chance in life and that through the skills they learn in Scouting they are prepared for jobs and further study as well as living happy, fulfilling lives. We will undertake research into why young people drop out of Scouting.

### Review provision for 14-25 year olds

By 2023:

- we will have evaluated the effectiveness of the Network programme
- we will review the Explorer Scout programme to increase retention
- we will ensure that Young Leaders are well supported, recognised and can articulate the benefits of their experience

### Links to employability skills

By 2023:

- we will work with employers and education organisations to improve their understanding of what Scouts achieve
- we will help young people to better understand and talk about the skills they have developed as Scouts

### Partnerships to enhance the programme

By 2023:

- we will work with partners such as the Duke of Edinburgh's Award programme, Curriculum for Excellence (in Scotland) and the National Citizen Service (in England) so that young people can access these through Scouting and achieve the highest awards

# People

## Our aim

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

### Improve the volunteer journey

We will improve recruitment processes and training to ensure we can recruit and retain more adults from a more diverse range of backgrounds who see the value of volunteering and gaining new skills. We will focus on supporting volunteers by making it easier to access the resources and information needed to deliver Scouting.

#### Transform adult recruitment

By 2023:

- we will improve the recruitment and joining process for adults, including reviewing Appointments Advisory Committees

#### Simpler training

By 2023:

- we will ensure our training is simpler, aided by digital tools, and focused on providing the knowledge and skills a section team needs to deliver a challenging and adventurous programme
- we will provide better training for trainers and improve mentoring for new volunteers

#### Better online resources

By 2023:

- we will develop a better website based on user feedback ensuring that volunteers can find the right information quickly

### Extend our reach

Scouting does not always reflect the diversity of our local communities or reach all the young people who could benefit most. We also know we have a greater impact on the lives of young people the earlier they take part in Scouting. Therefore, we will explore ways to extend Scouting to people we are not currently reaching including young people under 6 and under-represented communities.

#### Reach under-represented communities

By 2023:

- we will continue to open new sections, ensuring that every Group offers provision across the full 6-14 age range, and Districts across the 14-25 age range
- we will grow Scouting in areas of deprivation with a focus on communities that are under-represented in the movement

#### Scouting in schools

By 2023:

- Scouting will be running in more schools, working closely with existing local provision

#### Explore early years provision

By 2023:

- we will research, pilot, and evaluate different models of reaching young people under 6

#### Improve the joining process for young people

By 2023:

- we will make the joining process easier for parents, carers and young people

# Perception

## Our aim

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

## Transforming our image

We will update our brand and support the promotion of Scouting so that the public better understands the benefits of Scouting, specifically skills for life. This will lead to more young people joining, increased funding and recruitment of volunteers. Our uniform was last reviewed in 2001 and it's time to review it again. We will remain a uniformed youth organisation.

### Brand roll out

By 2023:

- we will have an updated, consistent brand across all Scout Groups, Districts and Counties

### Resources to promote the benefits of Scouting

By 2023:

- we will ensure that volunteers have the tools and resources needed to communicate the benefits and diversity of Scouting in a consistent way

### Uniform review

By 2023:

- we will have reviewed our uniform starting with the Explorer Scout uniform

# Our priorities

Throughout the development of the plan, we asked our members what they think we should prioritise. There was strong support for us to focus on developing amazing Section Leaders.

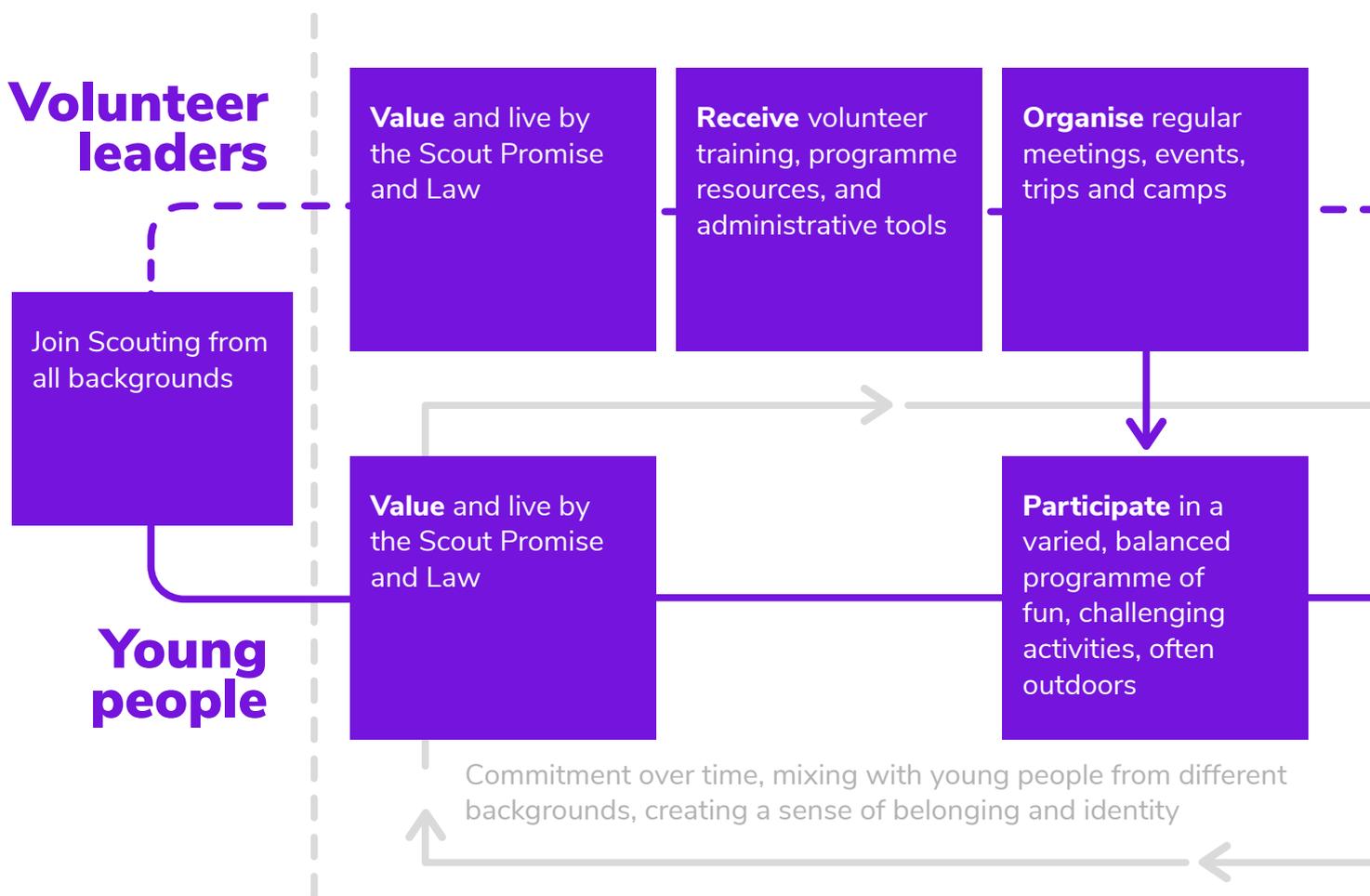
Based on this feedback, in 2018/2019, we will focus on the initiatives that improve the volunteering experience by making recruitment and retention of more leaders easier, and by giving Section Leaders the tools and skills they need to deliver an inspiring programme.

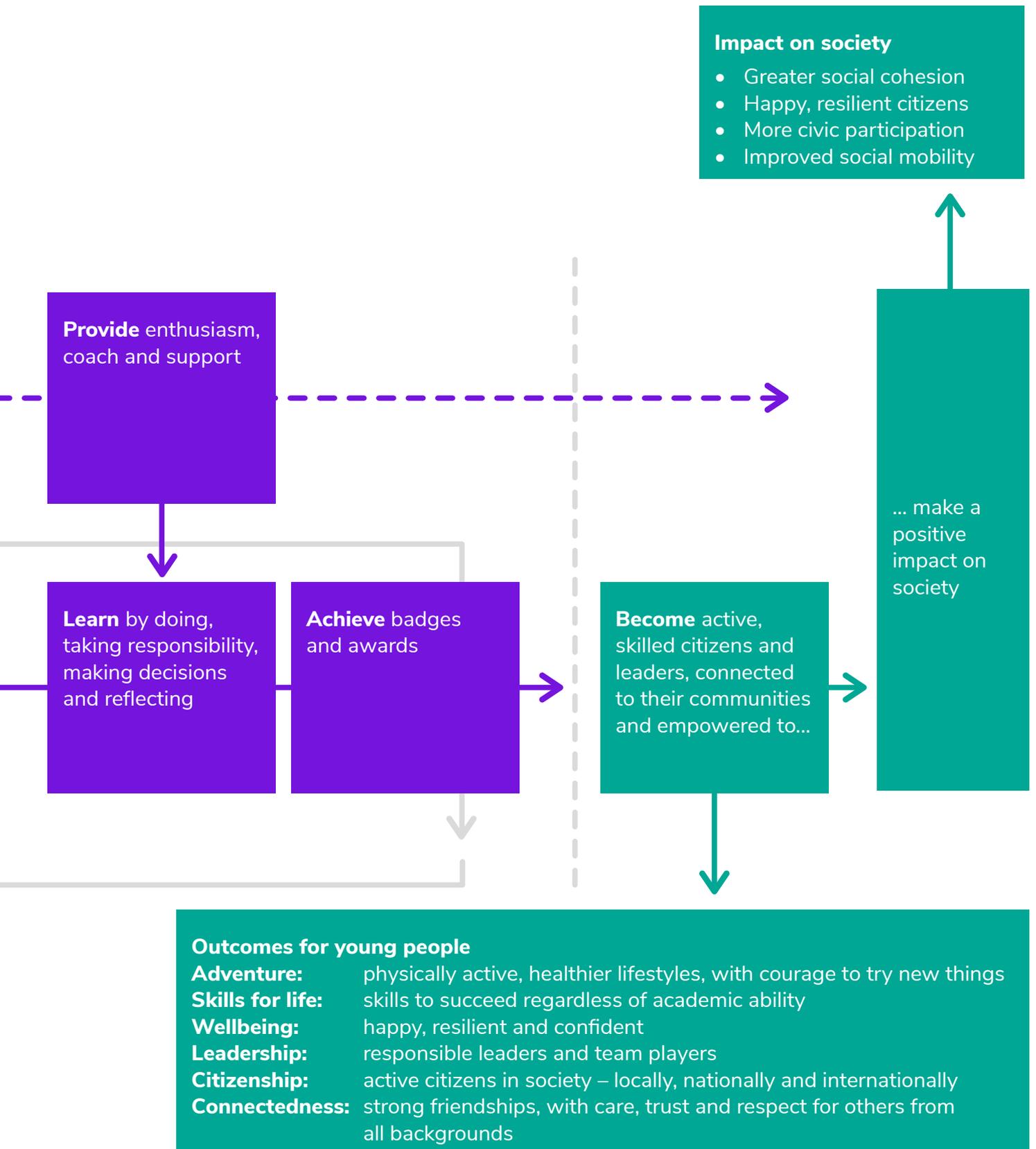
| Programme  | People  | Perception   |
|--|---|--|
| <b>Priorities in 2018/2019</b>                       |   |  |
| Develop amazing Section Leaders                      | Simpler training (focus on practical skills)  | Brand roll out                                       |
| 'Off the shelf' programmes                           |   |  |
| Digital programme planning                           |   |  |
| <b>In planning</b>                                   |   |  |
| Digital tools to track progress of young people      | Transform adult recruitment                   | Develop resources to promote the benefit of Scouting |
| Review provision for 14-25 year olds                 | Improve the joining progress for young people | Uniform review                                       |
|  | Better online resources                       |  |
| <b>Dependent on external funding or partnerships</b> |   |  |
| Partnerships to enhance the programme                | Early years provision                         |  |
| Links to employability skills                        | Scouting in schools                           |  |
|  | Reach under-represented communities           |  |

# Theory of Scouting

We exist to actively engage and support young people in their personal development, giving them a powerful sense of belonging and empowering them to make a positive contribution to society.

This is how we work and the impact we aim to make:









# 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 Store Limited
- Scout Insurance Services Limited
- 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 Accounts.

## Financial highlights:

- For the thirteenth year in succession, as disclosed in our 2018 census, our youth membership increased – to a total of 475,294 (2017: 464,687). These numbers include our Network section members who may be over 18 years old. Growth is one of our strategic objectives.
  - Our total income of £34.1m was £1.4m up on last year (2017: £32.7m). Our restricted income was £1.1m, down £0.5m on last year (2017 £1.6m) as we received fewer restricted legacies this year.
  - Our unrestricted income of £32.9m was up £1.9m on last year (2017 £31.0m). The increase in unrestricted income is due to £0.9m of income for the World Scout Moot in Iceland which took place in July 2017, an additional £0.5m from membership fees, an additional £0.5m from the insurance brokerage business both from commissions earned and a tighter control of cost.
  - Our charitable expenditure was £27.8m, up £1.3m on the previous year (2017 £26.5m). The reduction was net of the £0.9m expenditure on the World Scout Moot and represented a saving by Scouting Operations who had curtailed their spend in order that the Association could deliver its agreed budget.
- This was necessary in order to increase safeguarding costs.
- The Consolidated Statement of Financial Activities shows a net positive movement in funds for the year of £0.3m (2017: deficit of £0.4m).
  - The contributions from our trading subsidiaries for 2017-18 total £5.9m (2017: £7.3m). Last year included an exceptional £2m dividend by Scout Insurance (Guernsey) paid in order to help fund our Defined Benefit Pension Scheme recovery plan.
  - 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 remained at £34.6m (after deducting the pension reserve). Our free unrestricted reserves reduced by £3.1m to £10.3m, from £13.4m at 31 March 2017. The reason for the decrease was the payment of £3m from unrestricted funds to the pension scheme in line with our agreed deficit recovery plan.

## Financial results

The Association's financial result, before recognised gains and losses and other revaluations, was a surplus for the year of £0.3m compared with the previous year's deficit of £0.4m. The result is made up of an unrestricted operating surplus of £0.1m, with a surplus of £0.2m on restricted funds.

The operating results (as shown in the Consolidated Statement of Financial Activities (SoFA) on page 26 in both 2018 and 2017) include several one-off items: £0.3m (2017: £nil) fair value adjustment for the US dollar currency forward contract in place for the Jamboree, and £0.3m release (2017 increase: £1.82m) in the pension scheme deficit as a result of the FRS102 annual accounting valuation of the pension scheme. We saw a diminution of £0.1m in the valuation of investments at the year-end (2017: net gain of £0.78m).

In addition to the annual accounting valuation required under the accounting standard FRS102, the triennial valuation carried out by the scheme actuaries on behalf of the Pension Scheme Trustees had resulted in 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 has resulted in the reduction in the FRS102 pension deficit calculation to £8.5m.

## Income

Total income for the year amounted to £34.1m compared with £32.7m last year – an increase of £1.4m or 4%.

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.

No adult member (over the age of 18) is required to pay the HQ membership fee, regardless of whether he or she is a member of Network or is a Young Leader. In April 2017, in response to the increasing operating costs of the Association, particularly costs of vetting and safeguarding, the Trustees agreed to increase the membership fee, which has not increased since 2012, by £1 this year and by at least 50p next year. Without an increase, the free reserves levels are predicted to go down to between three and four months expenditure in the next three years. The impact of safeguarding costs are considered by the SLT to be significant and ongoing for the foreseeable future. Dividends from SIGL are expected to fall compared to previous years and we anticipate that the triennial valuation of the Defined Benefit Pension Scheme will require increased annual payments. The total amount of membership subscriptions received of £11m was £0.5m or 5% up on the previous year, partly due to the fee increase and partly to the 1.1% increase in youth members.

Donations, legacies and similar income amounted to £1.6m, a decrease of £0.5m from the £2.1m received in 2017. Our unrestricted element of this income decreased slightly to £0.6m but we generated £1.0m of restricted income towards the grants for development in deprived areas and funding for Regional Development Officers.

Our trading activities include the retail sales made by Scout Store Limited and the World Scout Shop Limited, sponsorship and promotional income, together with non-Scouting income generated by 65 Queen's Gate and the Gilwell Park Conference Centre. This income decreased overall by £0.1m to £10.3m. It was an excellent year for our trading subsidiaries with an increase in retail sales of £0.3m.

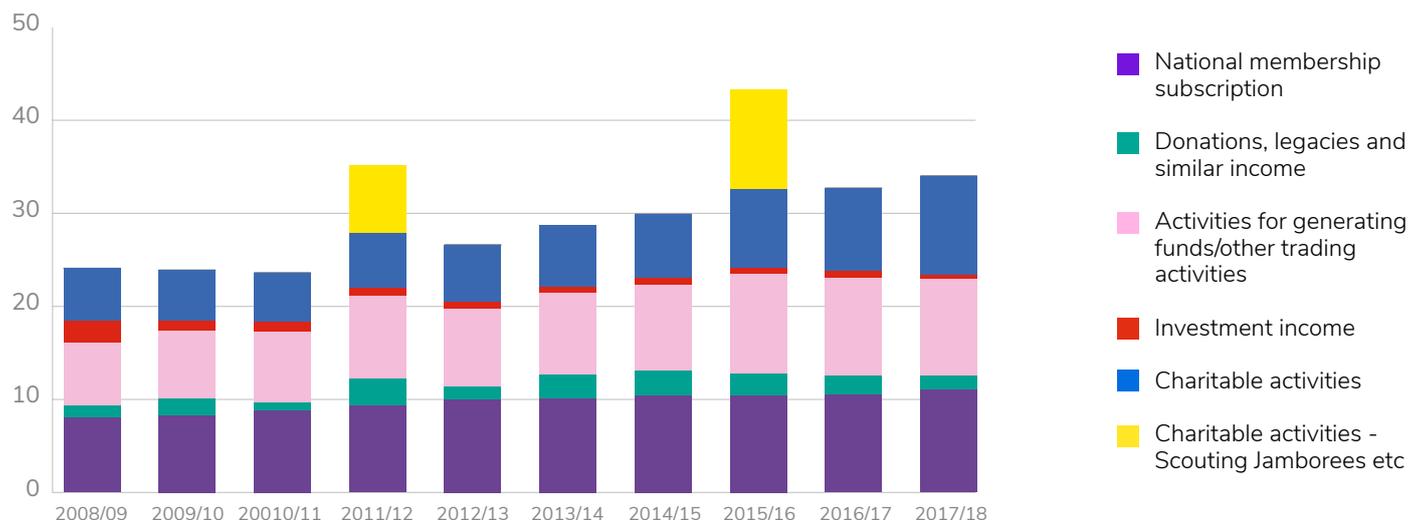
It was a very successful year for hostel and conference income which grew by £0.4m to £1.4m, an increase of 40%. It was a difficult year for sponsorship income which decreased by £0.8m, or 52% in the year, as many commercial businesses revised their corporate sponsorship deals.

Investment income decreased by 24% to £0.5m. The level of income from investments and deposits remains below historic norms due to continuing low interest rates and equity yields.

Income from charitable activities is as a result of the sale of goods and services as part of the charitable activities of the Association and of ancillary trades carried on 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, and income from the disposal of tangible fixed assets. Income from charitable activities increased by £1.7m of which £0.9m was due to the World Scout Moot in Iceland. The insurance business income continues to grow, increasing by £0.5m during the year.

Table 1 – Total Income 2018 - £34m (2017 - £32.7m)



### Expenditure

Total expenditure during the year amounted to £33.8m (2017: £33.8m). A £1.3m decrease in the cost of our trading activities primarily as a result of efficiencies in procurement practice in Scout Store funded an increase of £1.3m on our charitable activities. The increase in spend on our charitable activities consisted of an increase of £0.9m on World Scout Moot in Iceland and savings of £0.4m in Scouting Operations, due to underspends across the board, mainly in education and volunteering and £0.7 of expenditure in relation to Safeguarding and irrecoverable VAT. Scouting Operations slowed down or stopped some activities in the year in order to deliver the agreed budget. However, these cost savings are only achieved by stopping or slowing the delivery of activity which inevitably impacts the service received by the membership.

### Scout Adventures and Conference Centres

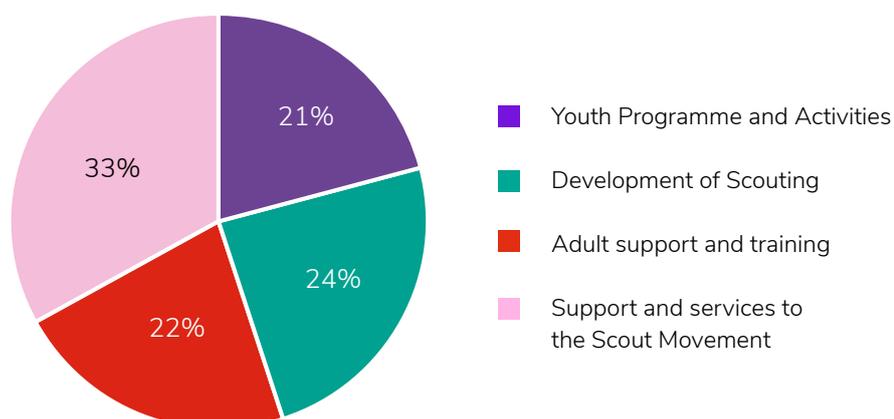
Contributions of £1.4m grew by £0.4m, or 40% in the year (2017: £1.0m), with a particularly good performance from 65 Queen’s Gate which continued to grow in terms of income. Further investment was made at 65 Queen’s Gate to update the facilities in order to enhance income.

### Charitable activities

Total expenditure on charitable activities was £27.8m, £1.3m more than the previous year (2017: £26.5m). The expenditure has been shown under the following headings:

- Youth programme and activities (eg updating and provision of youth programme resources)
- Development of Scouting (eg external relations and Regional Development Service)
- Adult support and training (eg members’ records and updating adult training material)
- Support and Services to the Scout Movement (eg safeguarding children, insurance and the Information Centre)

Table 2 - Our spend on charitable activities in 2018 £27.8m - (2017 : £26.5m)



The Trustees came to an understanding that it would be misleading to try to analyse the resources expended on charitable activities under the four strategic objectives that we use to group our activities and achievements, as described earlier in this report. Many of the actions and activities that deliver the strategic objectives are led and delivered by volunteers and incur proportionately less financial expenditure due to this mobilisation. To analyse the expenditure on charitable activities under these four objectives would therefore materially distort the importance of some of the aims and 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 the expenditure that enables a fundraising or charitable activity to be conducted; whilst important to achieving this activity they do not in themselves constitute a charitable activity. These include finance, information technology, human resources, legal costs, central management, governance and depreciation. They have been attributed to the costs of generating funds and to charitable activities based on an estimate of staff resources employed in delivering these functions.

## Reserves

The Scout Association's consolidated restricted and unrestricted reserves increased by £0.3m to £39.65m 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

pension's liability. The range is based on a risk assessment of the probability and likely impact on the Association's activities that might be caused by a decline in income, an inability to meet financial obligations, or an inability to reduce expenditure in the immediate short term. The Policy ensures a balance between spending the maximum amount of income raised as soon as possible after receipt, while maintaining the appropriate level of reserves to ensure uninterrupted operation. The Policy and target range (to hold between three and six months of unrestricted expenditure up to a maximum value of £10m) is reviewed annually to reassess the risks and ensure that it reflects changes in the Association's income, financial obligations and expenditure.

At the end of March 2018, unrestricted general fund reserves (excluding any reduction for the pension deficit of £8.5m) were £10.3m (see note 16a), a decrease of £3.1m in the year (2017: £13.4m). This reduction is primarily due to the £3m paid to the pension scheme as part of the agreed recovery plan. Net of the pension payment, the balance of £10.3m represents approximately six months of the Association's 2018/19 budgeted unrestricted expenditure. This is £0.3m more than the reserves policy target of £10m.

The Association had a defined benefit pension scheme deficit of £8.5m at 31 March 2018. The scheme's last triennial actuarial valuation was carried out in March 2016 and is updated annually in accordance with FRS 102. A deficit reduction plan has been agreed with the pension fund trustees.

## 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 and an additional payment of £0.03m during 2013/14.

Goodwill of £0.1m (arising from the purchase of 'Oakleaves' and the Great Tower Activity Centre in March 2011) and the licence are being amortised over five to 10 years.

## Tangible fixed assets

The Association maintains a collection of Scouting memorabilia, artefacts and works of art. These include collections of paintings, furniture and other household and military items received from the founder of Scouting, 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 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 Art Advisors on 1 April 2016. In the opinion of the Trustees the values are applicable to these assets at 31 March 2018. 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 £2.6m during the year. We invested £0.9m on infrastructure, furniture and equipment at the National Centres and £1.7m on information technology systems including £0.4m on the Association's national membership database.

## Volunteers

During the year, over 163,533 adults volunteered their time, energy, skills and commitment to Scouting at Group, District, County, Region or National level. Their roles ranged from regularly leading section meetings and organising camps, to helping with administration, training future leaders and attending meetings at every level. Without this contribution of volunteers, Scouting would be unable to offer a wide range of challenging and inspiring activities that make it the largest co-educational youth movement in the UK today.

## Subsidiary companies

The Association's trading subsidiaries are discussed 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 Store Limited

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

The subsidiary reported a further year of strong profit against a backdrop of challenging sales. Scout Store designed, sourced and supplied a range of merchandise, including new sectional apparel, fleur-de-lis casualwear and Heritage casualwear, expanding their offering and incorporating a new pricing structure. In addition, the supply chain has been reviewed and the cost prices for product will reduce further over the coming year. Bearing in mind the challenging sales environment, the result was exceptional, as a result of margin performance, prudent cost management, stock management and the commitment of the experienced Scout Store staff. Turnover in the year decreased by 6% to £7.45m (2017: £7.94m) and operating costs were 10% down at £4.87m (2017: £5.43m). The company delivered an operating profit before taxation of £3.1m (2017: £3.02m) with 100% of the taxable profits covenanted to The Scout Association.

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

### World Scout Shop Limited

Turnover amounted to £0.46m, 15% up on the previous year (2017: £0.40m) and operating costs were £0.33m, 32% more than the previous year (2017: £0.25m). 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 private US licensee to produce and distribute the product across North America. The company achieved a profit before taxation of £0.14m (2017: £0.15m) 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 and to other charities and not-for-profit organisations, including Girlguiding UK. In the year to March 2018, Unity Insurance Services generated turnover of £1.8m (2017: £1.6m) and a profit before tax of £0.99m (2017: £0.57m) which it covenanted to The Scout Association.

### Scout Insurance (Guernsey) Limited

Scout Insurance (Guernsey) Limited's principal activity is that of an 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 2018, the net profit before taxation increased to £1.0m (2017: £0.18m). Property and equipment policy had a low claim year and unusually so did the public liability scheme which has resulted in this uniquely high profit. Yearly average during the last five years has been nearer to £550k. During the year, the directors paid a dividend of £0.5m (2017: £2.3m) to the Association.

### Scout Services Limited

Scout Services Limited's principal activities are that of commercial property management and the running of conferences. Scout Services Limited produced a net profit of £1.12m (2017: £1.21m). The turnover in Scout Services was £3.9m, down £0.6m (2017: £4.5m). The decreased turnover was principally due to the reduction in corporate partnership income and conference centres income.

## 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 and the actuarial value of those assets represented 78% of the value of the benefits that had accrued to members. Based on this valuation the Trustees have agreed a funding plan to address the deficit.

The valuation of the Defined Benefit Pension Scheme at 31 March 2018, for the purposes of Financial Reporting Standard 102 (FRS 102), showed a funding deficit of £8.5m (2017: £11.8m).

The main reason for the decrease in the deficit over the period is the £3m payment from The Scout Association in line with the agreed deficit recovery plan.

The Scout Association contributed 0.7m (2017: £0.7m) to the scheme, including special contributions totalling £0.6m (2017: £0.6m).

The cash flow required to meet the £8.5m deficit relates to future pension benefits. This deficit is subject to considerable variability because it depends on a range of demographic and financial assumptions which are likely to change over time. The scheme was closed to new members in the year ended 31 March 2001 and therefore the obligations are mainly associated with longstanding members of staff and current pensioners. The Trustees regularly monitor the pension 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 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 2018, total deposits by Scout Groups, Districts, Counties and Regions in the Short Term Investment Service were £12.01m (2017: £13.98m).

## Investment policy and performance

During the year The Board of Trustees, on the advice of the Finance Committee, concluded that The Scout Association would be better served by moving from a "bespoke portfolio" to a simple investment in a managed fund. As a consequence of The Scout Association's capital expenditure and the planned pension scheme deficit reduction programme the fund had reduced to £10 million. The Trustees believed that it was no longer appropriate, from a control perspective, to hold a bespoke portfolio since its small size rendered it unlikely to be able adequately to diversify away from systemic risk while still preserving the capital value of the fund. As a result, the Finance Committee recommended that the fund should be transferred to a managed charity multi-asset fund. As The Scout Association is content with the performance of the existing managers and they offer an ethically screened fund, the Board of Trustees decided that the £10m then invested be transferred to the Cazenove Charity Multi-Asset Fund.

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.

As at 31 March 2018, the investment portfolio had been realised and the proceeds invested in the Cazenove Charity Multi-Asset Fund.

The Association's current asset investment cash holdings 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 for 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 pay of the senior staff is reviewed annually by the Staff, Salaries 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. As we advised last year, the Committee benchmarked the salary of the Chief Executive Officer during this financial year to ensure that it is commensurate with the size of the role. The benchmarking 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 to stagger the increments.

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 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.

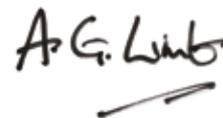
Financial statements are published on The Scout Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website 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, The Scout Association

On behalf of the Board of Trustees,  
14 July 2018



## Consolidated Statement of Financial Activities

For the year ended 31 March 2018

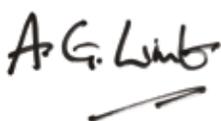
|  | 2018             |                                |                     | 2017          |                                |               |
|--|------------------|--------------------------------|---------------------|---------------|--------------------------------|---------------|
|  | Unrestricted     | Restricted<br>and<br>Endowment | Total               | Unrestricted  | Restricted<br>and<br>Endowment | Total         |
| Notes  | £'000            | £'000                          | £'000               | £'000         | £'000                          | £'000         |
| <b>Income and endowments from:</b>                         |                  |                                |                     |               |                                |               |
| <b>Donations and legacies:</b>                             |                  |                                |                     |               |                                |               |
| Membership subscriptions                                   | 11,015           | -                              | <b>11,015</b>       | 10,477        | -                              | 10,477        |
| Other donations  | 5(a) 575         | 1,047                          | <b>1,622</b>        | 641           | 1,486                          | 2,127         |
|  |                  | 11,590                         | 1,047 <b>12,637</b> | 11,118        | 1,486                          | 12,604        |
| <b>Charitable activities:</b>                              |                  |                                |                     |               |                                |               |
| Youth programme  | 2,154            | -                              | <b>2,154</b>        | 2,396         | -                              | 2,396         |
| Development of Scouting                                    | 1,535            | -                              | <b>1,535</b>        | 1,773         | -                              | 1,773         |
| Adult Support and Training                                 | 1,608            | -                              | <b>1,608</b>        | 1,891         | -                              | 1,891         |
| Support and services to the Scouting Movement              | 5,318            | -                              | <b>5,318</b>        | 2,868         | -                              | 2,868         |
|  | 5(b) 10,615      | -                              | <b>10,615</b>       | 8,928         | -                              | 8,928         |
| Other trading activities                                   | 5(c) 10,337      | -                              | <b>10,337</b>       | 10,470        | -                              | 10,470        |
| Investment income  | 5(d) 394         | 120                            | <b>514</b>          | 543           | 136                            | 679           |
| <b>Total income</b>  | <b>32,936</b>    | <b>1,167</b>                   | <b>34,103</b>       | <b>31,059</b> | <b>1,622</b>                   | <b>32,681</b> |
| <b>Expenditure on:</b>                                     |                  |                                |                     |               |                                |               |
| <b>Raising funds:</b>                                      |                  |                                |                     |               |                                |               |
| Donations and legacies                                     | 462              | -                              | <b>462</b>          | 566           | -                              | 566           |
| Trading activities   | 6(a) 5,562       | -                              | <b>5,562</b>        | 6,814         | -                              | 6,814         |
|  |                  | 6,024                          | - <b>6,024</b>      | 7,380         | -                              | 7,380         |
| <b>Charitable activities:</b>                              |                  |                                |                     |               |                                |               |
| Youth programme  | 5,507            | 181                            | <b>5,688</b>        | 4,517         | 88                             | 4,605         |
| Development of Scouting                                    | 6,460            | 226                            | <b>6,686</b>        | 6,165         | 509                            | 6,674         |
| Adult Support and Training                                 | 5,965            | 224                            | <b>6,189</b>        | 5,963         | 378                            | 6,341         |
| Support and Services to the Scouting Movement              | 8,893            | 282                            | <b>9,175</b>        | 8,346         | 492                            | 8,838         |
|  | 6(b) 26,825      | 913                            | <b>27,738</b>       | 24,991        | 1,467                          | 26,458        |
| <b>Total expenditure</b>                                   | <b>32,849</b>    | <b>913</b>                     | <b>33,762</b>       | <b>32,371</b> | <b>1,467</b>                   | <b>33,838</b> |
| Net (losses)/gains on investments                          | 2                | (91)                           | <b>(89)</b>         | 548           | 233                            | 781           |
| <b>Net income/(expenditure) for the year</b>               | <b>89</b>        | <b>163</b>                     | <b>252</b>          | <b>(764)</b>  | <b>388</b>                     | <b>(376)</b>  |
| <b>Net movement in funds</b>                               | <b>89</b>        | <b>163</b>                     | <b>252</b>          | <b>(764)</b>  | <b>388</b>                     | <b>(376)</b>  |
| Transfers between funds                                    | (101)            | 101                            | -                   | (46)          | 46                             | -             |
| <b>Other recognised gains/(losses):</b>                    |                  |                                |                     |               |                                |               |
| Actuarial gains/(losses) on Defined Benefit Pension Scheme | 7 321            | -                              | <b>321</b>          | (1,820)       | -                              | (1,820)       |
| Fair value movement  | (277)            |                                | <b>(277)</b>        |               |                                |               |
|  | 8 32             | 264                            | <b>296</b>          | (2,630)       | 434                            | (2,196)       |
| <b>Reconciliation of funds:</b>                            |                  |                                |                     |               |                                |               |
| Fund balances brought forward at 31 March 2017             | 34,621           | 4,738                          | <b>39,359</b>       | 37,251        | 4,304                          | 41,555        |
| <b>Fund balances carried forward at 31 March 2018</b>      | <b>16 34,653</b> | <b>5,002</b>                   | <b>39,655</b>       | <b>34,621</b> | <b>4,738</b>                   | <b>39,359</b> |

## Balance Sheets

As at 31 March 2018

|   | Notes | Consolidated   |               | The Association |               |
|---|-------|----------------|---------------|-----------------|---------------|
|   |       | 2018<br>£'000  | 2017<br>£'000 | 2018<br>£'000   | 2017<br>£'000 |
| <b>Fixed assets</b>   |       |                |               |                 |               |
| Intangible fixed assets   | 9     | 183            | 43            | -               | -             |
| Tangible fixed assets   | 10    | 30,153         | 30,538        | 30,005          | 30,423        |
| Investment in subsidiary companies                              | 11    | -              | -             | 500             | 500           |
| Investments   | 12    | 16,452         | 17,010        | 9,889           | 10,008        |
|   |       | <b>46,788</b>  | 47,591        | <b>40,394</b>   | 40,931        |
| <b>Current assets</b>   |       |                |               |                 |               |
| Stocks  | 13    | 742            | 715           | 193             | 173           |
| Debtors   | 14    | 9,258          | 7,345         | 9,477           | 8,722         |
| Current asset investments                                       |       | 11,977         | 13,816        | 11,977          | 13,816        |
| Cash and cash equivalents                                       |       | 9,175          | 9,469         | 4,951           | 3,965         |
|   |       | <b>31,152</b>  | 31,345        | <b>26,598</b>   | 26,676        |
| <b>Current liabilities</b>                                      |       |                |               |                 |               |
| Creditors   | 15    | (27,843)       | (26,131)      | (21,018)        | (18,370)      |
| <b>Net current assets</b>                                       |       | <b>3,309</b>   | 5,214         | <b>5,580</b>    | 8,306         |
| <b>Total assets less current liabilities</b>                    |       | <b>50,097</b>  | 52,805        | <b>45,974</b>   | 49,237        |
| <b>Creditors - amounts falling due after more than one year</b> | 15    | <b>(1,988)</b> | (1,660)       | <b>(277)</b>    | -             |
| <b>Net assets excluding pension liability</b>                   |       | <b>48,109</b>  | 51,145        | <b>45,697</b>   | 49,237        |
| <b>Pension liability</b>  | 7     | <b>(8,454)</b> | (11,786)      | <b>(8,454)</b>  | (11,786)      |
| <b>Net assets including pension liability</b>                   |       | <b>39,655</b>  | 39,359        | <b>37,243</b>   | 37,451        |
| <b>The Association's funds</b>                                  |       |                |               |                 |               |
| Unrestricted funds:   |       |                |               |                 |               |
| General funds excluding pension liability                       | 16(a) | 10,271         | 13,359        | 10,271          | 13,359        |
| Pension reserve   | 7     | (8,454)        | (11,786)      | (8,454)         | (11,786)      |
| General funds   |       | 1,817          | 1,573         | 1,817           | 1,573         |
| Designated funds  | 16(b) | 30,424         | 31,140        | 30,424          | 31,140        |
| Non charitable trading funds                                    | 11    | 2,412          | 1,908         | -               | -             |
| Unrestricted funds including pension reserve                    |       | <b>34,653</b>  | 34,621        | <b>32,241</b>   | 32,713        |
| Restricted funds  | 16(c) | 3,705          | 3,407         | 3,705           | 3,407         |
| Endowment funds   | 16(d) | 1,297          | 1,331         | 1,297           | 1,331         |
| Total funds   |       | <b>39,655</b>  | 39,359        | <b>37,243</b>   | 37,451        |

Approved by the Board of Trustees on 14 July 2018 and authorised for release and signed on its behalf by:



**Ann Limb**  
Chair



**Gordon Boyd**  
Treasurer

## Consolidated statement of cash flows

For the year ended 31 March 2018

|  | Consolidated   |         | Charity        |         |
|--|----------------|---------|----------------|---------|
|  | 2018           | 2017    | 2018           | 2017    |
|  | £'000          | £'000   | £'000          | £'000   |
| <b>Cash flows from operating activities:</b>                       |                |         |                |         |
| <b>Net cash provided by (used in) operating activities</b>         | <b>1,241</b>   | 868     | <b>2,422</b>   | (226)   |
| <b>Cash flows from investing activities:</b>                       |                |         |                |         |
| Dividends, interest and rents from investments                     | 514            | 679     | 812            | 2,890   |
| Proceeds from the sale of property, plant and equipment            | 52             | 242     | 52             | 242     |
| Purchase of property, plant and equipment                          | (2,570)        | (1,363) | (2,330)        | (1,336) |
| Proceeds from sale of investments                                  | 10,921         | 4,739   | 10,482         | 3,039   |
| Purchase of investments  | (10,452)       | (1,993) | (10,452)       | (1,992) |
| <b>Net cash provided by (used in) investing activities</b>         | <b>(1,535)</b> | 2,304   | <b>(1,436)</b> | 2,843   |
| Cash flows from financing activities:                              |                |         |                |         |
| <b>Net cash provided by (used in) financing activities</b>         | <b>-</b>       | -       | <b>-</b>       | -       |
| Change in cash and cash equivalents in the reporting period        | <b>(294)</b>   | 3,172   | <b>986</b>     | 2,617   |
| Cash and cash equivalents at the beginning of the reporting period | <b>9,469</b>   | 6,297   | <b>3,965</b>   | 1,348   |
| Cash and cash equivalents at the end of the reporting period       | <b>9,175</b>   | 9,469   | <b>4,951</b>   | 3,965   |

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

#### Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)

Adjustments for:

|  |              |       |              |         |
|--|--------------|-------|--------------|---------|
| Depreciation charges                                       | 2,749        | 2,572 | 2,683        | 2,511   |
| (Gains)/losses on investments                              | 89           | (759) | 89           | (759)   |
| Dividends, interest and rents from investments             | (514)        | (679) | (812)        | (2,890) |
| Funding of pension liabilities                             | (3,000)      |       | (3,000)      | -       |
| FRS Pension adjustment in I&E                              | (11)         | (66)  | (11)         | (66)    |
| Loss/(profit) on sale of fixed assets                      | (263)        | (186) | (261)        | (198)   |
| (Increase)/decrease in stocks                              | (27)         | (32)  | (21)         | (41)    |
| (Increase)/decrease in debtors                             | (1,913)      | (743) | (754)        | (847)   |
| (Increase)/decrease in current investments                 | 1,839        | (188) | 1,839        | (188)   |
| Increase/(decrease) in creditors                           | 2,040        | 1,325 | 2,924        | 680     |
| <b>Net cash provided by/(used in) operating activities</b> | <b>1,241</b> | 868   | <b>2,422</b> | (226)   |

### b) Analysis of cash and cash equivalents

|  |              |       |              |       |
|--|--------------|-------|--------------|-------|
| Cash in hand                           | 9,175        | 9,469 | 4,951        | 3,965 |
| <b>Total cash and cash equivalents</b> | <b>9,175</b> | 9,469 | <b>4,951</b> | 3,965 |

## 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(s).

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 2018.

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.

### (a) Recognition of income

#### National membership subscriptions

Membership subscriptions are payable in advance for a year to 31 March. The amount receivable for the year ended 31 March 2018 is shown in the Statement of Financial Activities. Subscriptions are treated as voluntary income because they are more similar in nature to donations than to payments for goods or services.

#### Investment income

Dividends are accounted for on a receipts basis. Interest is accounted for on an accruals basis and includes all amounts earned up to 31 March 2018. Associated tax recoveries are included for all amounts shown as income.

#### 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.

### 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.

### 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.

### (b) 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.

**Incoming resources from 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 the Scouting Movement

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 |
|------------------------------------|-----------------|-------------------------|----------------------------|----------------------|
| 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 the Scouting Movement – 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 or charitable activities. They include audit fees and the costs of Trustees' meetings.

### (c) 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.

### (d) 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. During 2017-2018 the Heritage Service has reached 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) 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.

### (g) VAT

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

**(h) Leases**

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

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligations.

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

**(i) Pension costs**

Contributions payable to The 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 gains/(losses) section of the Statement of Financial Activities.

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

**(j) 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 a 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.

**(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 has entered into a forward contract for the purchase of US dollars in order to manage its exchange rate exposure relating to the World Scout Jamboree to be held in the United States during 2019. This contract is 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.

**4. Nature of funds**

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

**a. Endowment Funds**

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

**b. Restricted funds**

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

**c. Unrestricted funds**

Unrestricted funds are those received, which are not subject to any special restriction. They are divided between general funds and designated funds. Designated funds comprise amounts set aside by the Trustees to be used for particular purposes.

## 5. Income and endowments

### a. Other donations and legacies

|                 |              |              |           | 2018         | 2017         |
|-----------------|--------------|--------------|-----------|--------------|--------------|
|                 | Unrestricted | Restricted   | Endowment | Total        | Total        |
|                 | £'000        | £'000        | £'000     | £'000        | £'000        |
| Legacies        | 235          | 293          |           | 528          | 1,117        |
| Other donations | 340          | 754          |           | 1,094        | 1,010        |
| <b>Total</b>    | <b>575</b>   | <b>1,047</b> |           | <b>1,622</b> | <b>2,127</b> |

### 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.

|                                    |               |            |           | 2018          | 2017         |
|------------------------------------|---------------|------------|-----------|---------------|--------------|
|                                    | Unrestricted  | Restricted | Endowment | Total         | Total        |
|                                    | £'000         | £'000      | £'000     | £'000         | £'000        |
| National events                    | 253           | -          | -         | 253           | 123          |
| Insurance broking and underwriting | 3,354         | -          | -         | 3,354         | 2,823        |
| Scouting magazine advertising      | 98            | -          | -         | 98            | 164          |
| National Centres                   | 5,495         | -          | -         | 5,495         | 5,392        |
| World Jamboree/Roverway            | 1,011         | -          | -         | 1,011         | 97           |
| Other income                       | 404           | -          | -         | 404           | 329          |
| <b>Total</b>                       | <b>10,615</b> | <b>-</b>   | <b>-</b>  | <b>10,615</b> | <b>8,928</b> |

### c. Other trading activities

|                                       |               |            |           | 2018          | 2017          |
|---------------------------------------|---------------|------------|-----------|---------------|---------------|
|                                       | Unrestricted  | Restricted | Endowment | Total         | Total         |
|                                       | £'000         | £'000      | £'000     | £'000         | £'000         |
| Retail sales                          | 8,145         | -          | -         | 8,145         | 7,886         |
| Hostel and conference income          | 1,446         | -          | -         | 1,446         | 1,007         |
| Sponsorship, promotions and royalties | 746           | -          | -         | 746           | 1,577         |
| <b>Total</b>                          | <b>10,337</b> | <b>-</b>   | <b>-</b>  | <b>10,337</b> | <b>10,470</b> |

### d. Investment income

|                               |              |            |           | 2018       | 2017       |
|-------------------------------|--------------|------------|-----------|------------|------------|
|                               | Unrestricted | Restricted | Endowment | Total      | Total      |
|                               | £'000        | £'000      | £'000     | £'000      | £'000      |
| Listed investments            | 262          | 58         | -         | 320        | 343        |
| Short Term Investment Service | -            | 62         | -         | 62         | 79         |
| Other deposit interest        | 81           | -          | -         | 81         | 117        |
| Rental income                 | 51           | -          | -         | 51         | 140        |
| <b>Total</b>                  | <b>394</b>   | <b>120</b> | <b>-</b>  | <b>514</b> | <b>679</b> |

**6. Expenditure on:****a. Trading activities**

|                                   |              |            |           | 2018         | 2017         |
|-----------------------------------|--------------|------------|-----------|--------------|--------------|
|                                   | Unrestricted | Restricted | Endowment | Total        | Total        |
|                                   | £'000        | £'000      | £'000     | £'000        | £'000        |
| Retail operating costs            | 4,918        | -          | -         | <b>4,918</b> | 5,998        |
| Hostel and conference expenditure | 615          | -          | -         | <b>615</b>   | 710          |
| Sponsorship and promotions        | 29           | -          | -         | <b>29</b>    | 106          |
| <b>Total</b>                      | <b>5,562</b> | <b>-</b>   | <b>-</b>  | <b>5,562</b> | <b>6,814</b> |

Hostel, conference and commercial trading expenditure includes support costs of £512,000 (2017: £461,000). The basis for the allocation of support costs is explained in note 6 (c).

**b. Costs of charitable activities**

|   |               |            |           | 2018          | 2017          |
|---|---------------|------------|-----------|---------------|---------------|
|   | Unrestricted  | Restricted | Endowment | Total         | Total         |
|   | £'000         | £'000      | £'000     | £'000         | £'000         |
| Youth programme                               | 5,507         | 181        | -         | <b>5,688</b>  | 4,605         |
| Development of Scouting                       | 6,460         | 226        | -         | <b>6,686</b>  | 6,674         |
| Adult support and training                    | 5,965         | 224        | -         | <b>6,189</b>  | 6,341         |
| Support and services to the Scouting Movement | 8,893         | 282        | -         | <b>9,175</b>  | 8,838         |
| <b>Total</b>                                  | <b>26,825</b> | <b>913</b> | <b>-</b>  | <b>27,738</b> | <b>26,458</b> |

**Analysis of costs of charitable activities**

|   |               |               |               | 2018          | 2017          |
|---|---------------|---------------|---------------|---------------|---------------|
|   | Direct        | Grant funding | Support costs | Total         | Total         |
|   | £'000         | £'000         | £'000         | £'000         | £'000         |
| Youth programme                               | 3,818         | 53            | 1,817         | <b>5,688</b>  | 4,605         |
| Development of Scouting                       | 3,895         | 156           | 2,635         | <b>6,686</b>  | 6,674         |
| Adult support and training                    | 3,672         | 156           | 2,361         | <b>6,189</b>  | 6,341         |
| Support and services to the Scouting Movement | 7,292         | 156           | 1,727         | <b>9,175</b>  | 8,838         |
| <b>Total</b>                                  | <b>18,677</b> | <b>521</b>    | <b>8,540</b>  | <b>27,738</b> | <b>26,458</b> |

Charitable activities have been analysed into four categories as explained in note 3(b). 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 Scout 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.

| <b>Analysis of grants to local Scouting</b>              | <b>Grants to local Scouting</b> |              |
|--|---------------------------------|--------------|
|  | <b>2018</b>                     | <b>2017</b>  |
|  | <b>£'000</b>                    | <b>£'000</b> |
| Development  | <b>266</b>                      | 468          |
| International Fund                                       | <b>58</b>                       | 41           |
| Benevolent Fund  | <b>9</b>                        | 15           |
| Admiralty Fund and Trinity House Fund (Sea Scout Groups) | <b>86</b>                       | 82           |
| Grants to local Groups from legacies                     | <b>33</b>                       | 96           |
| King George VI Leadership Fund                           | <b>18</b>                       | 26           |
| Other  | <b>51</b>                       | 85           |
| <b>Total</b>   | <b>521</b>                      | 813          |

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 unrestricted and total**

|   | <b>2018</b>  | <b>2017</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Property and equipment depreciation                                 | <b>2,750</b> | 2,577        |
| Irrecoverable VAT   | <b>565</b>   | 422          |
| Office accommodation and services                                   | <b>662</b>   | 484          |
| Central management  | <b>740</b>   | 676          |
| Human resources, legal and company secretarial                      | <b>908</b>   | 790          |
| Finance and accounting  | <b>786</b>   | 522          |
| Information technology and business solutions                       | <b>1,357</b> | 1,379        |
| Movement in pension scheme deficit recognised in resources expended | <b>641</b>   | 534          |
| Governance  | <b>190</b>   | 178          |
| Other   | <b>453</b>   | 146          |
| <b>Total</b>  | <b>9,052</b> | 7,708        |

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.

#### **d. Resources expended include:**

|                               | <b>2018</b>  | <b>2017</b>  |
|-------------------------------|--------------|--------------|
|                               | <b>£'000</b> | <b>£'000</b> |
| <b>Auditor's remuneration</b> |              |              |
| Audit fees                    | <b>74</b>    | 72           |
| Other                         | <b>5</b>     | 5            |
| <b>Trustees' expenses</b>     | <b>17</b>    | 46           |

During the year, 13 (2017:19) Trustees were reimbursed for their out of pocket expenses, such as travel and subsistence incurred attending meetings and carrying out their duties. The Association provided accommodation for the Chief Scout and others while they carried out Scout business.

**7. Staff costs**

|  | <b>2018</b>   | 2017   |
|--|---------------|--------|
|  | <b>£'000</b>  | £'000  |
| Wages and salaries                         | <b>9,623</b>  | 9,633  |
| Social security costs                      | <b>896</b>    | 1,012  |
| Other pension costs                        | <b>659</b>    | 662    |
|  | <b>11,178</b> | 11,307 |
| In addition, termination costs in the year | <b>94</b>     | 81     |

Termination costs are accrued when agreed.

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

| <b>Activity</b>                              | <b>2018</b> | 2017 |
|--|-------------|------|
|  | <b>No.</b>  | No.  |
| The Scout Association                        | <b>267</b>  | 256  |
| Scout Store Limited/World Scout Shop Limited | <b>39</b>   | 39   |
| Unity (Scout Insurance Services Limited)     | <b>18</b>   | 19   |
| <b>Total</b>                                 | <b>324</b>  | 314  |

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

|                      | <b>2018</b> | 2017 |
|----------------------|-------------|------|
|                      | <b>No.</b>  | No.  |
| £60,001 to £70,000   | <b>5</b>    | 5    |
| £70,001 to £80,000   | <b>2</b>    | 2    |
| £80,001 to £90,000   | <b>-</b>    | -    |
| £90,001 to £100,000  | <b>1</b>    | 2    |
| £100,001 to £110,000 | <b>1</b>    | 1    |
| £110,001 to £120,000 | <b>1</b>    | 2    |
| £120,001 to £130,000 | <b>1</b>    | -    |

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 £121,610 (2017 £115,385). 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, Chief Operating Officer, Chief Financial Officer, Managing Director of Unity Insurance (SISL) and General Manager of Scout Shops and World Scout Shop. The total employee benefits of the key management personnel of the Scout Association and its subsidiaries was £619,603 (2017 £715,245).

**Pension schemes****a. The Scout Association Pension Scheme (FRS102 disclosure for year to 31 March 2018)**

The Scout Association operates a defined benefit pension arrangement called The Scout Association Defined Benefit Pension Scheme which, on retirement, on leaving service or on death, provides benefits 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 2018 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 at 31 March 2018**

|                                      | 31 March 2018  | 31 March 2017   |
|--------------------------------------|----------------|-----------------|
|                                      | £'000          | £'000           |
| Fair value of assets                 | 37,362         | 35,101          |
| Present value of funded obligations  | (45,816)       | (46,887)        |
| <b>Net defined benefit liability</b> | <b>(8,454)</b> | <b>(11,786)</b> |

**Amounts recognised in the Statement of Financial Activities at 31 March 2018**

|                         | 31 March 2018 | 31 March 2017 |
|-------------------------|---------------|---------------|
|                         | £'000         | £'000         |
| Current service cost    | 150           | 155           |
| Administration costs    | 197           | 141           |
| Interest on liabilities | 1,218         | 1,532         |
| Interest on assets      | (951)         | (1,167)       |
| <b>Total</b>            | <b>614</b>    | <b>661</b>    |

**Amounts recognised in the Statement of Financial Activities at 31 March 2018**

|  | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
|  | £'000         | £'000         |
| Loss/(gain) on scheme assets in excess of interest   | 260           | (3,401)       |
| Experience (gains) on liabilities                    | -             | (1,751)       |
| Losses/(gains) from changes to financial assumptions | (581)         | 6,972         |
| <b>Total remeasurements</b>                          | <b>(321)</b>  | <b>1,820</b>  |

**Reconciliation of assets and defined benefit obligation**

The change in the assets over the year was:

|  | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
|  | £'000         | £'000         |
| <b>Fair value of assets at the beginning of the year</b> | <b>35,101</b> | <b>31,691</b> |
| Interest on assets                                       | 951           | 1,167         |
| Association contributions                                | 3,625         | 727           |
| Contributions by scheme participants                     | 34            | 40            |
| Benefits paid  | (1,892)       | (1,784)       |
| Administration costs                                     | (197)         | (141)         |
| Return on plan assets less interest                      | (260)         | 3,401         |
| <b>Fair value of assets at the end of the year</b>       | <b>37,362</b> | <b>35,101</b> |

The change in the Defined Benefit Obligation over the year was:

|  | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
|  | £'000         | £'000         |
| <b>Defined Benefit Obligation at the beginning of the year</b> | <b>46,887</b> | 41,723        |
| Current service cost   | 150           | 155           |
| Contributions by scheme participants                           | 34            | 40            |
| Past service cost  | -             | -             |
| Interest cost  | 1,218         | 1,532         |
| Benefits paid  | (1,892)       | (1,784)       |
| Change due to settlements                                      | -             | -             |
| Experience (gain)/loss on defined benefit obligation           | -             | (1,751)       |
| Changes to assumptions   | (581)         | 6,972         |
| <b>Defined Benefit Obligation at the end of the year</b>       | <b>45,816</b> | 46,887        |

### Assets

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

|               | 31 March 2018 | 31 March 2017 |
|---------------|---------------|---------------|
| Equities      | 28%           | 33%           |
| Gilts         | 8%            | 26%           |
| Bonds         | 37%           | 12%           |
| Cash          | 1%            | 1%            |
| Other assets* | 26%           | 28%           |
| <b>Total</b>  | <b>100%</b>   | 100%          |

\*Other assets include investments held in Standard Life GARS and Pyrford's Global Total Return Fund. The return on assets over the period was £691,000 (2017 £4,568,000).

## Actuarial assumptions

The principal assumptions used to calculate the Scheme's liabilities include:

|   | 31 March 2018   | 31 March 2017  |
|---|---|--|
| Discount rate   | <b>2.70% p.a.</b>   | 2.65% p.a.   |
| Inflation - RPI   | <b>3.20% p.a.</b>   | 3.25% p.a.   |
| Inflation - CPI   | <b>2.20% p.a.</b>   | 2.25% p.a.   |
| Salary increases  | <b>2.30% p.a.</b>   | 2.35% p.a.   |
| PLI 5.0% pension increases  | <b>3.15% p.a.</b>   | 3.20% p.a.   |
| PLI 2.5% pension increases  | <b>2.30% p.a.</b>   | 2.35% p.a.   |
| Revaluation in deferment  |   |  |
| <ul style="list-style-type: none"> <li>• Pensions earned on or before 5/4/2009</li> </ul> | <b>2.20% p.a.</b>   | 2.25% p.a.   |
| <ul style="list-style-type: none"> <li>• Pensions earned on or after 6/4/2009</li> </ul>  | <b>3.20% p.a.</b>   | 3.25% p.a.   |
| Pensionable salary increases  | <b>2.30% p.a.</b>   | 2.35% p.a.   |
|   | <b>95% of S2NA tables</b>   | 95% of S2NA tables   |
|   | <b>CMI 2015 projections</b>   | CMI 2012 projections   |
|   | <b>1.25% p.a. long-term trend rate for pensioners</b>                           | 1.25% p.a. long-term trend rate for pensioners                           |
|   | <b>1.50% p.a. long-term trend rate for non-pensioners</b>                       | 1.50% p.a. long-term trend rate for non-pensioners                       |
|   | <b>Members are assumed to take 20 percent of their pension as tax free cash</b> | Members are assumed to take 20 percent of their pension as tax free cash |

**Sensitivity of the value placed on the liabilities**

| <b>Adjustments to assumptions</b>               | <b>Approximate effect on liabilities</b> |
|---|--|
| <b>Discount rate</b>                            | <b>£'000</b>                             |
| Plus 0.50% p.a.                                 | <b>(3,700)</b>                           |
| Minus 0.50% p.a.                                | <b>4,300</b>                             |
| <b>Inflation</b>                                |  |
| Plus 0.50% p.a.                                 | <b>1,900</b>                             |
| Minus 0.50% p.a.                                | <b>(1,800)</b>                           |
| <b>Salary increase</b>                          |  |
| Plus 0.50% p.a.                                 | <b>400</b>                               |
| Minus 0.50% p.a.                                | <b>(300)</b>                             |
| <b>Mortality</b>                                |  |
| Long-term trend rate 1.25% p.a. for all members | <b>(500)</b>                             |
| <b>Commutation</b>                              |  |
| Members take 25% of their pension as cash       | <b>(600)</b>                             |

**Projected SOFA for year to 31 March 2019**

|                         | <b>31 March 2019</b> |
|-------------------------|----------------------|
|                         | <b>£'000</b>         |
| Current service cost    | <b>150</b>           |
| Administration costs    | <b>197</b>           |
| Interest on liabilities | <b>1,212</b>         |
| Interest on assets      | <b>(990)</b>         |
| <b>Total</b>            | <b>569</b>           |

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 2016 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:

|                       | <b>2018</b>  | 2017    |
|-----------------------|--------------|---------|
|                       | <b>£'000</b> | £'000   |
| The Scout Association | <b>(208)</b> | (248)   |
| Subsidiaries          | <b>504</b>   | (1,948) |
| <b>Total</b>          | <b>296</b>   | (2,196) |

## 9. Intangible fixed assets

### Goodwill and licences

|  | Consolidated |       | The Association |       |
|--|--------------|-------|-----------------|-------|
|  | 2018         | 2017  | 2018            | 2017  |
|  | £'000        | £'000 | £'000           | £'000 |
| <b>Cost</b>                            |              |       |                 |       |
| <b>At 1 April 2017</b>                 | <b>223</b>   | 223   | <b>138</b>      | 138   |
| Additions - goodwill                   | <b>157</b>   | -     | -               | -     |
| <b>At 31 March 2018</b>                | <b>380</b>   | 223   | <b>138</b>      | 138   |
| <b>Amortisation</b>                    |              |       |                 |       |
| At 1 April 2017                        | <b>180</b>   | 170   | <b>138</b>      | 138   |
| Charge for the year - goodwill         | <b>17</b>    | 10    | -               | -     |
| Charge for the year - licences         | -            | -     | -               | -     |
| <b>At 31 March 2018</b>                | <b>197</b>   | 180   | <b>138</b>      | 138   |
| <b>Net book value at 31 March 2018</b> | <b>183</b>   | 43    | -               | -     |

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 Store 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 |       |       | The Association |       |
|---|--------------|-------|-------|-----------------|-------|
|   | 2018         | 2017  |       | 2018            | 2017  |
|   | £'000        | £'000 |       | £'000           | £'000 |
| <b>Valuation</b>                        |              |       |       |                 |       |
| At 1 April 2017                         | <b>3,553</b> | 3,553 |       | <b>3,553</b>    | 3,553 |
| <b>At 31 March 2018</b>                 | <b>3,553</b> | 3,553 |       | <b>3,553</b>    | 3,553 |
| <b>Consolidated and The Association</b> |              |       |       |                 |       |
|   | <b>2018</b>  | 2017  | 2016  | 2015            | 2014  |
|   | <b>£'000</b> | £'000 | £'000 | £'000           | £'000 |
| Cost or valuation                       | <b>3,553</b> | 3,553 | 3,553 | 3,453           | 3,443 |
| <b>Total</b>                            | <b>3,553</b> | 3,553 | 3,553 | 3,453           | 3,443 |

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 2018. 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 in our view appropriate.

**b) Other fixed assets**

| <b>Consolidated</b>     | <b>Freehold property</b> | <b>Leasehold property</b> | <b>Furniture, fittings and equipment</b> | <b>Motor vehicles</b> | <b>Total</b>  |
|-------------------------|--------------------------|---------------------------|--|-----------------------|---------------|
| <b>Cost</b>             | <b>£'000</b>             | <b>£'000</b>              | <b>£'000</b>                             | <b>£'000</b>          | <b>£'000</b>  |
| At 1 April 2017         | 28,446                   | 1,074                     | 14,663                                   | 745                   | <b>44,928</b> |
| Transfers               | -                        | -                         | 83                                       | -                     | <b>83</b>     |
| Additions               | 375                      | -                         | 1,940                                    | 15                    | <b>2,330</b>  |
| Written off             | -                        | -                         | -  | (15)                  | <b>(15)</b>   |
| Disposals               | -                        | -                         | -  | (435)                 | <b>(435)</b>  |
| <b>At 31 March 2018</b> | <b>28,821</b>            | <b>1,074</b>              | <b>16,686</b>                            | <b>310</b>            | <b>46,891</b> |
| <b>Depreciation</b>     |                          |                           |  |                       |               |
| At 1 April 2017         | 6,294                    | 983                       | 10,068                                   | 598                   | <b>17,943</b> |
| Charge for the year     | 715                      | 29                        | 1,927                                    | 61                    | <b>2,732</b>  |
| Eliminated on disposals | -                        | -                         | -  | (384)                 | <b>(384)</b>  |
| <b>At 31 March 2018</b> | <b>7,009</b>             | <b>1,012</b>              | <b>11,995</b>                            | <b>275</b>            | <b>20,291</b> |
| <b>Net book values</b>  |                          |                           |  |                       |               |
| <b>At 31 March 2018</b> | <b>21,812</b>            | <b>62</b>                 | <b>4,691</b>                             | <b>35</b>             | <b>26,600</b> |
| At 31 March 2017        | 22,152                   | 91                        | 4,595                                    | 147                   | 26,985        |
| <b>The Association</b>  |                          |                           |  |                       |               |
|                         | <b>Freehold property</b> | <b>Leasehold property</b> | <b>Furniture, fittings and equipment</b> | <b>Motor vehicles</b> | <b>Total</b>  |
| <b>Cost</b>             | <b>£'000</b>             | <b>£'000</b>              | <b>£'000</b>                             | <b>£'000</b>          | <b>£'000</b>  |
| At 1 April 2017         | 28,446                   | 1,074                     | 13,062                                   | 696                   | <b>43,278</b> |
| Transfers               | -                        | -                         | -  | -                     | -             |
| Additions               | 375                      | -                         | 1,940                                    | 15                    | <b>2,330</b>  |
| Written off             | -                        | -                         | -  | -                     | -             |
| Disposals               | -                        | -                         | -  | (435)                 | <b>(435)</b>  |
| <b>At 31 March 2018</b> | <b>28,821</b>            | <b>1,074</b>              | <b>15,002</b>                            | <b>276</b>            | <b>45,173</b> |
| <b>Depreciation</b>     |                          |                           |  |                       |               |
| At 1 April 2017         | 6,294                    | 983                       | 8,571                                    | 560                   | 16,408        |
| Charge for the year     | 715                      | 29                        | 1,882                                    | 57                    | 2,683         |
| Eliminated on disposals | -                        | -                         | -  | (370)                 | (370)         |
| <b>At 31 March 2018</b> | <b>7,009</b>             | <b>1,012</b>              | <b>10,453</b>                            | <b>247</b>            | <b>18,721</b> |
| <b>Net book values</b>  |                          |                           |  |                       |               |
| <b>At 31 March 2018</b> | <b>21,812</b>            | <b>62</b>                 | <b>4,549</b>                             | <b>29</b>             | <b>26,452</b> |
| At 31 March 2017        | 22,152                   | 91                        | 4,491                                    | 136                   | 26,870        |

**11. Investment in subsidiary companies**

|   | <b>2018</b>  | 2017  |
|---|--------------|-------|
|   | <b>£'000</b> | £'000 |
| <b>Cost of shares</b>                     |              |       |
| Balance at 1 April 2017                   | <b>502</b>   | 502   |
| <b>Balance at 31 March 2018</b>           | <b>502</b>   | 502   |
| <b>Provision for diminution in value</b>  | <b>-</b>     | -     |
| Balance at 1 April 2017 and 31 March 2018 | <b>(2)</b>   | (2)   |
| <b>Net investment in subsidiaries</b>     | <b>500</b>   | 500   |

The Association owns 100% of the following unlisted companies:

|  | <b>Country of incorporation</b> | <b>Issued share capital</b> |
|--|---------------------------------|-----------------------------|
| Scout Store Limited                        | England & Wales                 | £200,000                    |
| Scout Insurance Services Limited           | England & Wales                 | £100,000                    |
| Scout Insurance (Guernsey) Limited         | Guernsey                        | £100,000                    |
| Scout Services Limited                     | England & Wales                 | £100                        |
| World Scout Shop Limited                   | England & Wales                 | £100,000                    |
| Unity Insurance Services Limited (dormant) | England & Wales                 | £1                          |

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

The Directors of Scout Insurance (Guernsey) Limited declared an interim dividend of £500,000 for the year ended 31 March 2018 (2017: £2,300,000) which was paid to the Association in two instalments, in December 2017 and in March 2018.

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

The principle activities of each subsidiary is as follows:

|                                    |  |
|------------------------------------|--|
| Scout Store 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

|   |                     |                          |                                    |                        |                                  | 2018    | 2017    |
|---|---------------------|--------------------------|------------------------------------|------------------------|----------------------------------|---------|---------|
|   | Scout Store 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                                    | 7,453               | 419                      | 1,621                              | 3,863                  | 1,847                            | 15,203  | 16,472  |
| Cost of sales                                     | (3,379)             | (210)                    | (545)                              | (2,358)                | -                                | (6,492) | (8,629) |
| Gross profit                                      | 4,074               | 209                      | 1,076                              | 1,505                  | 1,847                            | 8,711   | 7,843   |
| Other income                                      | 516                 | 47                       | 31                                 | -                      | 1                                | 595     | 638     |
| Other costs and expenses                          | (1,499)             | (120)                    | (98)                               | (381)                  | (857)                            | (2,955) | (3,330) |
| Surplus before and after taxation                 | 3,091               | 136                      | 1,009                              | 1,124                  | 991                              | 6,351   | 5,151   |
| Taxation  | -                   | -                        | -                                  | -                      | 14                               | 14      | 28      |
| Dividend/donation to the Association              | (3,091)             | (136)                    | (500)                              | (1,124)                | (1,024)                          | (5,875) | (7,278) |
| Net surplus                                       | -                   | -                        | 509                                | -                      | (19)                             | 490     | (2,099) |
| <b>Retained surplus (deficit)</b>                 | -                   | -                        | 509                                | -                      | (19)                             | 490     | (2,099) |
| <b>Shareholders' funds</b>                        |                     |                          |                                    |                        |                                  |         |         |
| Share capital                                     | 200                 | 100                      | 100                                | 0                      | 100                              | 500     | 500     |
| Reserves  | 70                  | -                        | 2,334                              | -                      | 8                                | 2,412   | 1,908   |
| Fund balances carried forward as at 31 March 2018 | 270                 | 100                      | 2,434                              | 0                      | 108                              | 2,912   | 2,408   |

**12. Fixed asset investments****Quoted investments**

|  | Consolidated |         | The Association |         |
|--|--------------|---------|-----------------|---------|
|  | 2018         | 2017    | 2018            | 2017    |
|  | £'000        | £'000   | £'000           | £'000   |
| Market value at 1 April 2017               | 17,010       | 18,997  | 10,008          | 10,296  |
| Less: Disposals at opening cost            | (10,921)     | (4,739) | (10,482)        | (3,039) |
| Add: Acquisitions at cost                  | 10,452       | 1,993   | 10,452          | 1,992   |
| Net (loss)/gain on revaluation at 31 March | (89)         | 759     | (89)            | 759     |
| Market value at 31 March 2018              | 16,452       | 17,010  | 9,889           | 10,008  |
| Historical cost at 31 March 2018           | 16,926       | 16,243  | 9,978           | 9,243   |

The Association paid investment management fees and commission charges to Cazenove Capital Management during the year. These amounted to £32,273 (2017: £34,201).

**13. Stocks**

|                  | <b>Consolidated</b> |       | <b>The Association</b> |       |
|------------------|---------------------|-------|------------------------|-------|
|                  | <b>2018</b>         | 2017  | <b>2018</b>            | 2017  |
|                  | <b>£'000</b>        | £'000 | <b>£'000</b>           | £'000 |
| Goods for resale | <b>742</b>          | 715   | <b>193</b>             | 173   |

**14. Debtors**

|   | <b>Consolidated</b> |       | <b>The Association</b> |       |
|---|---------------------|-------|------------------------|-------|
|   | <b>2018</b>         | 2017  | <b>2018</b>            | 2017  |
|   | <b>£'000</b>        | £'000 | <b>£'000</b>           | £'000 |
| Trade debtors                           | <b>3,804</b>        | 2,889 | <b>1,993</b>           | 589   |
| Amounts owed by subsidiaries            | -                   | -     | <b>3,975</b>           | 4,295 |
| Other debtors                           | <b>4,131</b>        | 3,176 | <b>2,186</b>           | 2,558 |
| Debtors within one year                 | <b>7,935</b>        | 6,065 | <b>8,154</b>           | 7,442 |
| Other debtors due between 2018 and 2024 | <b>1,323</b>        | 1,280 | <b>1,323</b>           | 1,280 |
|   | <b>9,258</b>        | 7,345 | <b>9,477</b>           | 8,722 |

Other debtors due between 2019 and 2025 comprise £1,323,000 (2017: £1,280,000) secured, interest bearing loans made to Scout Groups.

**15. Creditors**

|   | <b>Consolidated</b> |        | <b>The Association</b> |        |
|---|---------------------|--------|------------------------|--------|
|   | <b>2018</b>         | 2017   | <b>2018</b>            | 2017   |
|   | <b>£'000</b>        | £'000  | <b>£'000</b>           | £'000  |
| <b>Amounts falling due within one year:</b>                   | <b>£'000</b>        | £'000  | <b>£'000</b>           | £'000  |
| Deposits by Scout Groups in the Short Term Investment Service | <b>12,013</b>       | 13,977 | <b>12,013</b>          | 13,977 |
| Trade creditors   | <b>8,910</b>        | 3,191  | <b>1,278</b>           | 461    |
| Amounts owed to subsidiaries                                  | -                   | -      | <b>732</b>             | 680    |
| Other creditors   | <b>6,920</b>        | 8,963  | <b>6,995</b>           | 3,252  |
|   | <b>27,843</b>       | 26,131 | <b>21,018</b>          | 18,370 |

Amounts falling due after more than one year:

|  |              |       |            |   |
|--|--------------|-------|------------|---|
| Insurance technical reserve                | <b>1,711</b> | 1,660 | -          | - |
| Fair value of forward contract             | <b>277</b>   |       | <b>277</b> |   |
| Total falling due after more than one year | <b>1,988</b> | 1,660 | <b>277</b> | - |

The insurance technical reserve is a provision made in the financial statements of Scout Insurance (Guernsey) Limited against claims anticipated to be made in the future against insurance policies written by the company. Under Financial Reporting Standard 102, this amount should not be treated as a provision by a non-insurance entity. However, the Trustees consider that, in order to give a true and fair view, it is necessary that the Association shows this under long-term creditors, following the view taken by the directors of Scout Insurance (Guernsey) Limited.

Had this treatment not been adopted, income for the year would have decreased by £133,000 (2017: increased by £425,000) and reserves would have been increased by £1,711,000 (2017: increased by £1,660,000).

The Scout Association has entered into a forward purchase agreement for the purchase US dollars the fair value of which as at 31 March represented a liability to the counter party of £277,000.

**16. Fund Balances****(a) Unrestricted funds**

|   | Consolidated  |               | The Association |               |
|---|---------------|---------------|-----------------|---------------|
|   | 2018<br>£'000 | 2017<br>£'000 | 2018<br>£'000   | 2017<br>£'000 |
| General reserves before pension reserve | 10,271        | 13,359        | 10,271          | 13,359        |
| Pension reserve                         | (8,454)       | (11,786)      | (8,454)         | (11,786)      |
| General reserves                        | 1,817         | 1,573         | 1,817           | 1,573         |
| Designated                              | 30,424        | 31,140        | 30,424          | 31,140        |
| Non-charitable trading                  | 2,412         | 1,908         | -               | -             |
| Unrestricted funds                      | 34,653        | 34,621        | 32,241          | 32,713        |
| Restricted funds                        | 3,705         | 3,407         | 3,705           | 3,407         |
| Endowment funds                         | 1,297         | 1,331         | 1,297           | 1,331         |
|   | 39,655        | 39,359        | 37,243          | 37,451        |

**(b) Designated funds - consolidated and the Association**

|                           | Balance<br>1 April 2017 | Transfer<br>(to)/ from<br>general and<br>restricted funds | Net<br>(expenditure)<br>in the year | Balance<br>31 March 2018 |
|---------------------------|-------------------------|---|-------------------------------------|--------------------------|
|                           | £'000                   | £'000   | £'000                               | £'000                    |
| Fixed assets              | 30,423                  | -   | (418)                               | 30,005                   |
| World Scout events        | 281                     | -   | (11)                                | 270                      |
| National Activity Centres | -                       | -   | -                                   | -                        |
| Future growth fund        | 287                     | 14  | (301)                               | -                        |
| Gilwell buildings         | 149                     | -   | -                                   | 149                      |
| <b>Total</b>              | <b>31,140</b>           | <b>14</b>   | <b>(730)</b>                        | <b>30,424</b>            |

The fixed asset fund represents the value of the tangible fixed assets, goodwill and 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 National Activity Centres Fund was established using receipts from the sale, under the National Campsite Strategy, of certain sites. The fund is being applied towards improvements at National Activity Centres other than that at Gilwell Park.

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.

**(c) Restricted funds - consolidated and the Association**

Restricted funds include income received by and paid from the Short Term Investment Service and 37 (2017: 37) funds administered by the Association.

|                                | Balance<br>1 April 2017 | Income       | Expenditure  | Net<br>Transfers | Investment<br>revaluation | Balance<br>31 March 2018 |
|--------------------------------|-------------------------|--------------|--------------|------------------|---------------------------|--------------------------|
|                                | £'000                   | £'000        | £'000        | £'000            | £'000                     | £'000                    |
| King George VI Leadership Fund | 796                     | 25           | (18)         | -                | (21)                      | 782                      |
| International Friendship Fund  | 248                     | 14           | (58)         | -                | (11)                      | 193                      |
| International Lodge Fund       | -                       | -            | -            | -                | -                         | -                        |
| Benevolent Fund                | 173                     | 7            | (9)          | -                | (5)                       | 166                      |
| Cornwell                       | 186                     | 5            | (1)          | -                | (4)                       | 186                      |
| Gilwell Development            | 148                     | 47           |              |                  |                           | 195                      |
| Local Development Fund         | 328                     | 568          | (339)        | 312              | -                         | 869                      |
| Youth United Fund              | -                       | -            | -            | -                | -                         | -                        |
| All other funds (29)           | 1,528                   | 501          | (488)        | (211)            | (16)                      | 1,314                    |
| <b>Consolidated</b>            | <b>3,407</b>            | <b>1,167</b> | <b>(913)</b> | <b>101</b>       | <b>(57)</b>               | <b>3,705</b>             |

Funding from the Youth United Foundation supported, in partnership with local Scouting, a social inclusion programme initiative in several deprived areas of the country.

Further details of the funds available, and the process of applying to them for grants, are to be found at [scouts.org.uk/grants](http://scouts.org.uk/grants).

**(d) Endowment funds - consolidated and the Association**

Endowment funds include the 1914 Endowment Fund and six (2016: 6) other funds administered by the Association. Income from the 1914 Endowment Fund and two other funds is unrestricted and passed to General Funds, income from one fund is restricted, and income from the remaining fund is passed to an external Scouting beneficiary.

|                     | Balance<br>1 April 2017 | Income   | Expenditure | Investment<br>revaluation | Balance<br>31 March 2018 |
|---------------------|-------------------------|----------|-------------|---------------------------|--------------------------|
|                     | £'000                   | £'000    | £'000       | £'000                     | £'000                    |
| 1914 Endowment Fund | 1,007                   | -        | -           | (27)                      | 980                      |
| All other funds     | 324                     | -        | -           | (7)                       | 317                      |
| <b>Consolidated</b> | <b>1,331</b>            | <b>-</b> | <b>-</b>    | <b>(34)</b>               | <b>1,297</b>             |

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

|                         | Unrestricted  | Restricted   | Endowment    | Total         |
|-------------------------|---------------|--------------|--------------|---------------|
|                         | £'000         | £'000        | £'000        | £'000         |
| Intangible fixed assets | 183           | -            | -            | 183           |
| Tangible fixed assets   | 30,153        | -            | -            | 30,153        |
| Investments             | 16,452        | 10,680       | 1,297        | 28,429        |
| Current assets          | 14,137        | 5,038        | -            | 19,175        |
| Current liabilities     | (15,830)      | (12,013)     | -            | (27,843)      |
| Long term liabilities   | (1,988)       | -            | -            | (1,988)       |
| Pension liability       | (8,454)       | -            | -            | (8,454)       |
|                         | <b>34,653</b> | <b>3,705</b> | <b>1,297</b> | <b>39,655</b> |

**17. Other financial commitments**

|  | 2018       | 2017       |
|--|------------|------------|
|  | £'000      | £'000      |
| At 31 March 2018, the Group had the following minimum lease payment obligations under non-cancellable operating leases |            |            |
| Within one year  | 415        | 171        |
| Between three and five years   | 295        | 163        |
| <b>Total</b>   | <b>710</b> | <b>334</b> |

**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 the 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, 13 Trustees (2017: 19 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 pension fund comprised agreed payments of £3 million and £550,000 in accordance with the agreed deficit reduction plan and a further £150,000 in relation to normal contributions in respect of current employees.

Transactions with subsidiaries:

| Entity                                | Sales made by<br>TSA to related<br>party | Management<br>charges to related<br>party | Purchases<br>from related<br>party | Amounts due<br>from related party<br>at 31 March 2017 | Amounts due to<br>related party<br>at 31 March 2017 |
|---------------------------------------|--|---|------------------------------------|---|---|
| Scout Store Limited                   | -  | 70  | 290                                | 2,045   | 113   |
| World Scout Shop<br>limited           | -  | -   | -                                  | 153   | -   |
| Scout Services Limited                | 262                                      | 250                                       | 315                                | -   | 745   |
| Scout Insurance<br>Services Limited   | -  | 114                                       | -                                  | 671   | -   |
| Scout Insurance<br>(Guernsey) Limited | -  | -   | -                                  | -   | 383   |

## 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 2018 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 in accordance with 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 affairs of the Group and Parent Charity as at 31 March 2018, as well as 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 Financial Reporting Council'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 12 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, aside from 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's 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 determine 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.

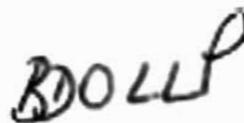
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they 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](http://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 25 July 2018

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 2018

|   |                |                | <b>2018</b>    |
|---|----------------|----------------|----------------|
|   | <b>Male</b>    | <b>Female</b>  | <b>Total</b>   |
| <b>Youth membership</b>                     |                |                |                |
| Beaver Scouts                               | 105,247        | 24,215         | 129,462        |
| Cub Scouts                                  | 127,041        | 31,681         | 158,722        |
| Scouts                                      | 97,264         | 32,636         | 129,900        |
| Explorer Scouts                             | 29,545         | 13,969         | 43,514         |
| Network members                             | 8,665          | 5,031          | 13,696         |
| <b>Total youth membership</b>               | <b>367,762</b> | <b>107,532</b> | <b>475,294</b> |
| <b>Leadership</b>                           |                |                |                |
| Sections Leaders                            | 36,980         | 29,973         | 66,953         |
| Sectional Assistants and Skills Instructors | 8,653          | 8,499          | 17,152         |
| Group Scout Leaders                         | 4,981          | 2,590          | 7,571          |
| District Skills Instructors                 | 651            | 209            | 860            |
| District Advisers                           | 488            | 242            | 730            |
| District Scouters                           | 651            | 453            | 1,104          |
| District Commissioners                      | 2,057          | 1,141          | 3,198          |
| County Skills Instructors                   | 367            | 103            | 470            |
| County Advisers                             | 289            | 106            | 395            |
| County Scouters                             | 196            | 125            | 321            |
| County Commissioners                        | 484            | 216            | 700            |
| <b>Total leadership</b>                     | <b>55,797</b>  | <b>43,657</b>  | <b>99,454</b>  |
| <b>Organisational support</b>               |                |                |                |
| Group Executive                             | 12,954         | 16,065         | 29,019         |
| District Administrators                     | 571            | 617            | 1,188          |
| District Office Bearers Executive           | 1,643          | 967            | 2,610          |
| County Administrators                       | 103            | 122            | 225            |
| County Office Bearers Executive             | 309            | 119            | 428            |
| Active Support Members                      | 7,142          | 5,137          | 12,279         |
| Active Support Associate Members            | 343            | 366            | 709            |
| Individual Members                          | 7,711          | 6,314          | 14,025         |
| Individual Associate Members                | 1,823          | 1,773          | 3,596          |
| <b>Total organisational support</b>         | <b>32,599</b>  | <b>31,480</b>  | <b>64,079</b>  |

Our members (continued)

|  | <b>Male</b>    | <b>Female</b>  | <b>2018<br/>Total</b> |
|--|----------------|----------------|-----------------------|
| <b>Total membership</b>  | <b>456,158</b> | <b>182,669</b> | <b>638,827</b>        |
| Members  | 453,992        | 180,530        | 634,522               |
| Associate Members  | 2,166          | 2,139          | 4,305                 |
| Total Membership due to pay the Headquarters Membership Subscription<br>the Total Membership above less the District and County Administrator totals |                |                | <b>461,598</b>        |

**Statistical information**

|                                      |       |       |        |
|--------------------------------------|-------|-------|--------|
| Young Leaders                        | -     | -     | -      |
| Network members (recorded elsewhere) | -     | -     | -      |
| Total Network members                | 8,665 | 5,031 | 13,696 |

**Units**

|  |       |
|--|-------|
| Beaver Scout Colonies                              | 7,694 |
| Cub Scout Packs                                    | 8,108 |
| Scout Troops                                       | 7,130 |
| Explorer Scout Units (incl. Young Leader<br>Units) | 2,850 |
| Local Scout Networks                               | 569   |
| Active Support Units                               | 1,256 |
| Groups   | 7,204 |
| Districts  | 656   |
| Counties/Areas/Regions (Scottish)/Islands          | 76    |
| 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 Store 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 43 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 Scouting 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:

- 12 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 in particular 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:

- safeguarding
- health and safety
- new branding and strategic plan post-2018

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 her team and the Senior Leadership Team. The Board also delegates certain functions to the six Committees which report to it (Operations; Finance; Staffing, Salary

and Remuneration; Nominations and Governance; Safeguarding; 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 2017/18. Most of the Committees met quarterly.

The Chair of the Board convenes a meeting of the Chair's Consultative Group before each Board meeting. The Group consists of the Committee Chairs, the UK Chief Commissioner, UK Youth Commissioner and the Senior Leadership Team. It considers matters that impact on all the Committees – especially matters to be discussed at Board meetings.

## 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 are committed to providing the best possible experience for everyone in Scouting, whether they are 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 Scouting 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 ensure 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 Scouting are our highest priorities.

Other major risks include:

- a decline in youth membership
- insufficient number of adult volunteers
- digital, cyber security, GDPR and IT project implementation (eg collection of youth data), failure to deliver on time, to budget or demonstrate expected benefits
- 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 2018/19.

The risk management framework continues to evolve. The roll out of the Risk Management Framework to Counties is almost complete and work has started on extending this to

Districts and supporting local executive committees to deliver their risk management responsibilities based on guidance from the Charity Commission.

### **Safeguarding**

The safety of young people is our number one priority. In 2017, we recruited a highly experienced Head of Safeguarding to lead our safeguarding function. We are making further enhancements to the centralised team to ensure that we continue to deliver a highly effective safeguarding service to our members. In addition, we have aligned our safeguarding and vetting functions under the leadership of our Head of Safeguarding to ensure a seamless approach to the safe recruitment of adult volunteers to leadership roles in Scouting.

The Board of Trustees created a Safeguarding Committee, reporting directly to the Board, chaired by the lead Trustee for Safeguarding. Included in the composition are external safeguarding specialists, to ensure that the right degree of challenge and scrutiny from a governance perspective is being applied to our overall safeguarding system.

We have continued to develop the culture of safeguarding young people in Scouting, ensuring transparency in our processes and procedures for all involved and continuing to embed our code of conduct (the 'Yellow Card') for adults in Scouting through training and development. A focus has been placed on improving service delivery to our members. We are working hard to increase appropriate communication with local situation managers for cases and working to better define our thresholds for intervention and in doing so supporting adult volunteers locally in the resolution of matters appropriately.

Engaging with the wider sector and sharing best practice has been a key activity for us over the last year to ensure that we share our experiences, learn from others and stay at the forefront of protecting from harm young people in Scouting.

This has included consulting with other sectors on safeguarding practice and attending statutory events with partner agencies to promote safeguarding in Scouting.

Over the next year we will continue to promote the creation of safe spaces and the use of our code of conduct as a means to protect young people. We will continue to support adults with the delivery of safe Scouting and to reassure parents and external organisations. We will complete the resulting actions from the externally commissioned independent review of our safeguarding system, including finalising the work on clearly articulating our safeguarding journey for all members and align various stages of that to clear key performance indicators to enable the measurement of effective management. We will build on our quality assurance framework ensuring all involved in Scouting understand what good looks like in safeguarding and ensure that there is continuing robust scrutiny and challenge from our Safeguarding Committee and the Trustee Board. All serious incidents that require reporting to the Charity Commission have been so reported.

### **Fundraising: our approach**

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake 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 Executive 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 have 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 do not contact anyone if we know they do not 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 2017 to 31 March 2018

### 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

Sir William Gladstone, 7th Baronet, KG,  
JP, DL (deceased March 2018)

George Purdy, CBE

### Chief Scout

Lt Cdr (Hon) Bear Grylls RN

## 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

### Trustees (voting)

Gordon Boyd, Treasurer (75%) 1, 4

David Branagh (100%) 1  
(from September 2017)

Jack Bullon (100%) 3

Byron Chatburn (100%) 2

Frances Craven (100%) 2, 6

Gareth Davies (100%) 1

Fi Durrant (100%)  
(until September 2017)

Nigel Hailey (100%)  
(until September 2017)

Sue Harris (100%) 2  
(from September 2017)

Nicola Gamlen (100%) 1, 3

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

Liz Jack (50%) 5

John Kennedy (100%) 1, 3

Hannah Kentish (75%) 2, 3  
UK Youth Commissioner

Colin Lammey (0%)  
(until September 2017)

Dr Ann Limb CBE DL,  
Chair of the Board (75%) 3

Matt Mills (100%) 2  
(from September 2017)

Kieron Moir (100%) 3

Ashley Russell (100%) 2

Lexie Sims (100%) 3, 4

Jane Simpson (75%) 5

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

Matt Hyde,  
Chief Executive (100%) 3,4

### 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  
2nd Floor, 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  
12 Moorgate  
London EC2R 6DA

### 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

The Association 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  
ID Atlantic  
GO Outdoors  
Institution of Engineering and Technology  
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)  
UK Space Agency  
Victorinox (UK)  
Zoological Society of London (ZSL)

### Gilwell Fellows and supporters of Gilwell Park UK Fellows, 1st Gilwell Park and Campfire Circle supporters

Appreciation goes to all our valued funders:  
The Alpkite Foundation  
The Blagrave Trust  
The Big Lottery

The Department of Education  
The Eric Frank Trust  
The Four Acre Trust  
Greenhall Foundation  
The Jack Petchey Foundation  
John Lyon's Charity  
The Masonic Charitable Foundation  
Pears Foundation

The Robert Hall Foundation  
The Royal Institute of Chartered Surveyors  
Royal Navy  
Trinity House  
The Worshipful Company of Shipwrights

Pears Foundation  
#iWill Fund  
Department for Culture, Media and Sport

### 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

British Youth Council  
Generation Change  
National Citizen Service  
National Council for Voluntary Organisations (NCVO)  
Step Up to Serve  
Youth United Foundation

### Scout Ambassadors

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

A special thank you to UK Scout Fellow, Richard Harpin



