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To: International Commissioners

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Accounts and Balance Sheet at 30 September 2005

Dear Colleagues,

1. I am pleased to send you the audited Accounts and Balance Sheet of the World Scout Bureau for the year ended 30 September 2005, which have been approved by the World Scout Committee.

I am happy to report, as shown under page 5 of the report, that this year again, the **Geneva Central Office** was able to close its fiscal year ending 30 September 2005 with a small **surplus of CHF 16,335**, thus maintaining the practice of having balanced yearly accounts for the past nineteen years, with the exception of year 1993-1994. Most of the unusually large amount shown under Grants for special projects/Geneva Main Office corresponds to donations received from National Scout Organisations (NSOs) and individuals for the Tsunami Scout Aid Fund. I take this opportunity to thank again all the donors for their generosity.

The Arab, European and Interamerican Regional Offices balanced their accounts, whereas the Africa, Asia-Pacific and Eurasia Regional Offices ended their fiscal year with a small deficit. The significant surplus of the Interamerican Office corresponds to the repayment of old debts – under the form of shares of the Picarquin Centre - due to that Office by a NSO of the same Region, which, because of their character of uncertainty, had previously been written off.

The 2004-2005 fiscal year ended with a **consolidated surplus at world level of CHF 203,912**, out of which the annual result of the Interamerican Regional Office accounts for 96%. Though immaterial – 1.4% - when compared to the total consolidated income or expenditure of some CHF 14 million, I am pleased with this positive result after last year's very small surplus, thus renewing the many years of consolidated positive results.

2. Since the Geneva Central Office represents some 60% of the consolidated income and 46% of the consolidated expenditure (after transfer of allocations to Regional Offices), I think it is worth commenting on some key factors of the financial management of this office which contributed to enabling it to close the fiscal year with a small surplus.

As a matter of principle, this office continues to apply prudent management measures and strict budgetary control thanks to the tools it developed. Month after month, the Bureau is making sure that its expenses are globally adapted to the available income and that only necessary expenses are made.

Like previous years, registration fees still represent a major source of income: some 70% of our non-earmarked operational income, i.e. our Total Income excluding Grants for special projects. The registration fee system adopted in 1996 in Oslo, adjusted in 1999 in Durban and in 2002 in Thessaloniki, in favour of less privileged National Scout Organizations (NSOs), and in 2005 in Hammamet, has again proved its effectiveness. As a matter of fact, the fiscal year under review marks a record collection of registration fees, current and arrears, with an

unprecedented level of CHF 5,682 million. This was particularly welcome since part of this amount was needed to complement the income for our 2005-2006 budget. We note, however, that NSOs tend to pay later in the year, and that some of them are facing increasing difficulties to honour this constitutional obligation.

Our thanks have therefore to go here to all those Member Organizations which, during this fiscal year 2004-2005, have continued to respect the spirit of this fee system in regularly paying their fees, current or arrears, particularly since we are well aware that this represents a significant financial burden for some of them.

Particular attention was also paid, greatly helped by the assistance of our Internal Auditor, to streamlining internal financial procedures in all Offices of the World Scout Bureau.

3. Our 2005-2006 fiscal year is still proving uncertain. If indeed our expenses are well in line with the budget approved by the World Scout Committee, the balancing of our annual accounts will mainly depend on the fees collected by the closing date of our fiscal year in a few weeks time. Whereas the annual fee is due as from 1st October of each fiscal year, regretfully as said above, a large number of NSOs, and particularly large contributors, tend to pay their fees in the last few weeks of the fiscal year. This makes estimating the fees still to be received quite difficult and planning of expenditure even more so. For example, as of 31 August 2006, 54 NSOs had still not paid their current fees for a total amount of some CHF 1.430 million. It is, however, encouraging to note that only 9 NSOs are having arrears of not more than one year for a relatively small amount of CHF 48,000.

You will be interested to learn that the World Scout Bureau now regularly reports on its expenses to the World Scout Committee, not only under the traditional format of type of expenses, but also under an analytical format expressing budgeted and actual expenses by Strategic Priorities.

4. My major worry today concerns our 2006-2007 budget. Indeed, despite a significant increase in the announced annual grant of the the World Scout Foundation, which is a major contributor to the World Scout Bureau budget since its annual grant represents about a quarter of our operational income, the difficulties faced by some NSOs large fee contributors calls for renewed prudence in budgeting our foreseen income which may well face a reduction.

We are actively seeking alternative sources of income and the new fund-raising strategies developed at every level of the World Scout Bureau are starting to bear fruit. However, these do not yet generate sufficient income to be substituted for non-earmarked global income. I have asked each office of the World Scout Bureau to be very careful with their expenses for the last months of this 2005-2006 budgetary year, to save on any expense which can be avoided and to very carefully plan their next year's budget. It is therefore very important that all National Scout Organizations which have not yet paid their 2005-2006 current fees do so promptly in order to help us reach our 2005-2006 budgeted income.

We are monitoring this situation as closely as possible. We continue to manage our income in the most cost effective way through our day-to-day efforts, keeping our expenses at a level which is in line with our income, strategic priorities objectives, and budget.

In the meantime, we continue to look for efficiency and excellence in our performance in the achievement of our objectives.

I am of course at your disposal, should you need additional information, and I thank you very much for your continuing support.

Yours in Scouting,

Eduardo Missoni
Secretary General

Enclosure: A/S
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