

Report of the Auditors

with financial statements as of September 30, 2007 of

**The World Organization of the Scout Movement
European Region Fund for European Scouting, Geneva**

To the European Scout Committee of
**The World Organization of the Scout Movement, European Region,
Fund for European Scouting, Geneva**

Geneva, December 7, 2007

Report of the Auditors

As auditors, we have audited the accounting records and the financial statements (balance sheet, statement of activity and movement of funds, statement of cash flow, statement of project expenditure and notes) of The World Organization of the Scout Movement, European Region, Fund for European Scouting, Geneva for the year ended September 30, 2007.

These financial statements are the responsibility of the European Scout Committee. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

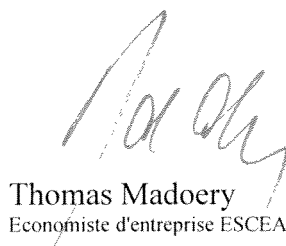
In our opinion, the accounting records and financial statements comply with the Swiss law and the articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Mark Hawkins
Chartered Accountant
(Auditor in charge)



Thomas Madoery
Economiste d'entreprise ESCEA

Enclosures:

- Financial statements (balance sheet, statement of income and expenditure, statement of project expenditure and notes)

THE WORLD ORGANIZATION OF THE SCOUT MOVEMENT, EUROPEAN REGION

FUND FOR EUROPEAN SCOUTING (FES)

BALANCE SHEET AS AT 30.09.07 in USD

	Notes	FISCAL YEAR 30.09.2007 USD	FISCAL YEAR 30.09.2006 USD
ASSETS			
CURRENT ASSETS			
Cash on hand		1'648	571
Cash at bank		29'047	49'959
Deposits (bond funds, fiduciary, money market)		926'965	803'153
Prepaid expenses, and other receivables		60'553	18'037
Inter-Office Account - World Scout Bureau		0	12'683
Inter-Office Account - WOSM, European Region		0	41'606
Inter-Office Account - ASBL, Brussels		32'648	10'911
Inter-Office Account - European Scout Foundation		860	0
TOTAL ASSETS		1'051'721	936'920
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable		47'149	49'952
Accrued expenses		31'625	16'147
Payable, Centenary Fund		26'500	74'000
Inter-Office Account - World Scout Bureau		33'159	0
Inter-Office Account - WOSM, European Region		169'880	0
Inter-Office Account - European Scout Foundation		0	4'000
Total current liabilities		308'313	144'099
PROVISIONS			
Provision for Currency Fluctuation	4	154'884	304'884
Provision Centenary Fund (1999-2007)	5	0	193'511
Provision Partnership for Develop. & Growth Fund	6	294'099	0
Provision Development of European Scouting	7	129'397	129'397
Total provisions		578'380	627'792
OWN FUNDS			
Accumulated result		165'028	165'028
Result of the period		0	0
Total own funds		165'028	165'028
TOTAL LIABILITIES		1'051'721	936'920

See accompanying notes

**THE WORLD ORGANIZATION OF THE SCOUT MOVEMENT, EUROPEAN REGION
FUND FOR EUROPEAN SCOUTING**

INCOME and EXPENDITURE FOR THE YEAR ENDED 30.09.07

	Notes	FISCAL YEAR 2006/2007 USD	FISCAL YEAR 2005/2006 USD
INCOME			
Yearly distribution McIntosh Fund	3	1'385'000	1'309'000
Interest		53'671	18'572
Transfer from Provision Centenary Fund	5	100'000	61'000
Total Income		1'538'671	1'388'572
EXPENSES			
Financial Charges		19'165	17'908
Interests to WOSM - European Region	3	0	18'572
Support to Hajde! Project (ASBL)		43'119	42'000
Total Grants European Scout Region		43'119	60'572
Loss on market value		1'031	0
Currency Fluctuations		-42'110	-53'862
Provision for untaken leaves	8	14'276	0
Projects expenditures		1'452'602	1'324'557
Total Expenses		1'488'083	1'349'175
Result of the year		50'588	39'397
Transfer to Provision for Partnership for Development and Growth Fund	9	50'588	39'397
End result of the year		0	0
		1'538'671	1'388'572

See accompanying notes

THE WORLD ORGANIZATION OF THE SCOUT MOVEMENT, EUROPEAN REGION

FUND FOR EUROPEAN SCOUTING

STATEMENT OF PROJECT EXPENDITURE FOR THE YEAR ENDED 30.09.07

Number = Strategic Priority	Notes	FISCAL YEAR 2006/2007	FISCAL YEAR 2005/2006
		USD	USD
1. YOUTH INVOLVMENT			
Working groups and networks		19'446	14'990
5th European Scout Forum on YPR & AR		19'504	821
Dare to Dream (Roverway 2005/6)		8'510	31'778
Spiritual development		450	3'375
Publications & toolkits (Good practices 2005/6)		11'326	5'682
Europe for you!		11'225	21'489
ESVP (Rovers 2005/6)		25'000	43'628
World Task Team (Seminar 2005/6)		94	2'997
Total Youth involvment		95'556	124'761
2. ADOLESCENTS			
Scouting within society (Programme dev. 2005/6)		3'747	13'285
Lands of adventure		12'591	7'225
The Great Family		681	0
Gift for Peace (World event)		0	3'382
Total Adolescents		17'019	23'892
3. BOYS & GIRLS, MEN & WOMEN		3'153	198
4. REACHING OUT		2'233	580
5. VOLUNTEERS			
Working groups and networks		20'754	18'306
EuroTrain, Resource Pool, Training Commissioners		9'104	1'254
Seminars and workshops		8'865	13'680
Forum and sub-regional events		3'564	10'773
Task force on training systems		10'116	0
Publications		2'131	0
Total Volunteers		54'534	44'013
6. AN ORGANISATION FOR THE 21ST CENTURY			
Working group and network		21'519	11'247
Evaluation NSA's strategy (support NSAs 2005/6)		6'633	12'753
Growth project: working group and research		30'109	15'170
Growth project: workshops		18'102	0
Growth project: publications and NSA's projects		22'732	0
Seminars and workshops		5'086	12'682
Publications (Symposium 2005/6)		1'405	21'716
Database on NSAs		11'470	0
Eastern Europe		28'373	24'663
Centenary Fund		153'127	238'258
Total An organisation for the 21st century		298'555	336'489
7.1 SCOUTING'S PROFILE, COMMUNICATION			
Working group and network		20'186	27'738
Publications		5'558	1'273
Website		15'907	4'246
Seminars and workshops		6'596	9'706
Communication Forum		11'377	0
Total Communication		59'624	42'963

See accompanying notes

THE WORLD ORGANIZATION OF THE SCOUT MOVEMENT, EUROPEAN REGION

FUND FOR EUROPEAN SCOUTING

STATEMENT OF PROJECT EXPENDITURE FOR THE YEAR ENDED 30.09.07

(Continued)

Number = Strategic Priority	Notes	FISCAL YEAR	FISCAL YEAR
		2006/2007	2005/2006
		USD	USD
7.2 SCOUTING'S PROFILE, PARTNERSHIPS			
Co-operation with other WOSM Regions		14'843	6'164
Co-operation with other Organisations		13'076	12'010
Fundraising and Partnerships for NSAs		11'243	8'367
International Commissioners' Forum		11'939	0
Total Partnerships		51'102	26'541
7.3 SCOUTING'S PROFILE, RESOURCES			
European Scout Foundation (meetings, audit)		11'866	12'637
European Scout Foundation's development		6'931	7'254
Total Resources		18'797	19'892
8. STRATEGY		0	0
9.1 INSTITUTIONAL AND CONSTIT. MATTERS			
European Scout Committee		44'552	51'154
Finance Support Group		14'477	11'948
Total Institutional and constitutional matters		59'029	63'102
9.2 EVENTS			
Co-operation UK TSA - ESR 2007		90'872	92'650
World Scout Jamboree (support to NSAs)		8'497	0
European Scout Conference, Slovenia, May 2007		99'017	0
Total Events		198'386	92'650
9.3 INFRASTRUCTURE & SPECIAL PROJECTS			
Staff meetings and staff training		42'094	40'302
Development of the European Scout Office		4'775	6'958
Audit of the Fund for European Scouting		14'429	13'204
World Scout Bureau Central Office		25'000	25'000
Total Infrastructure and special projects		86'298	85'464
STAFF COST (Salary and social charges)	10	508'317	464'014
TOTAL		1'452'602	1'324'557

See accompanying notes



WORLD ORGANIZATION OF THE SCOUT MOVEMENT (WOSM), EUROPEAN REGION

FUND FOR EUROPEAN SCOUTING (FES)

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2007

1. General

The purpose of the Fund for European Scouting is to assist the development and growth of the Scout Movement in Europe by financing approved projects within the terms of the McIntosh settlement.

The European Regional Office manages the FES and prepares separate financial statements in US dollars (USD). The accounts of the European Region are presented in Swiss francs (CHF). Both are an integral part of the World Organization of the Scout Movement based in Geneva.

2. Summary of significant accounting policies

a) Foreign exchange. The financial records of the FES are maintained in USD. Revenue and expenses in currencies other than the USD are converted in USD at the exchange rate prevailing at the beginning of the month of the transaction. Year-end balances in other currencies are converted at the prevailing rates of exchange at balance sheet date.

b) Contributions. The Fund follows the accrual method of accounting for contributions based upon a given system of designated grants.

3. Fiduciary account portfolio

The McIntosh Fund, managed by the JP Morgan Chase Guaranty Trust Company of New York, has a total market value of USD 31.94 million as of September 30, 2007 (2006: USD 29.36 million).

Starting from 2004/2005, the amount received each year by the European Scout Region corresponds to 5% of the average market value of the Fund during the previous three years. Before that period, the percentage was 4.5%, with the same calculation method.

During the period 2005/2006, USD, corresponding to the interest earned during that period, was transferred to the European Regional Office to cover part of its administrative costs.

4. Provision for currency fluctuation

The amount of USD 154'884 has to be considered as a silent reserve as at 30.09.2007 (2006: USD 289'084). USD 150'000 were transferred from the provision for currency fluctuation to the provision for Partnership for Development and Growth Fund during the period 2006/7.

5. Provision for the Centenary Fund

This provision was used until the period 2006/2007, in order to make sure that significant amounts could be distributed each year, on the projects submitted by the National Scout Organisations or Associations in the European Scout Region within the framework of the European Scout Centenary Fund. The balance of that provision was transferred to the provision for Partnership for Development and Growth Fund. Therefore the provision for Centenary Fund amounts to zero at 30.09.2007.

WORLD ORGANIZATION OF THE SCOUT MOVEMENT (WOSM), EUROPEAN REGION

FUND FOR EUROPEAN SCOUTING (FES)

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2007 (Continued)

6. Provision for Partnership for Development and Growth Fund

This provision will be used in the years to come in order to make sure that a significant amount can be distributed each year on the projects submitted by the National Scout Organisations or Associations in the European Scout Region within the framework of the Partnership for Development and Growth Fund. This provision replaces the provision for the European Scout Centenary Fund (1999-2007). The provision for Partnership for Development and Growth Fund amounts to USD 294'099 at 30.09.2007.

7. Provision for Development of European Scouting

The result of the year 2005/06 was transferred to the Provision for Development of Scouting. This provision of USD 129'397, at 30.09.2007, will serve to finance the long-term strategic priorities.

8. Provision for Untaken Leaves

This provision was created during the period 2006/7 and amounts to USD 14'276 at 30.09.2007. This provision covers the cost of untaken leaves of the World Scout Bureau – Europe Regional Office's staff.

9. Transfer of the result of the year

The result of the year 2006/07 was transferred to the Provision for Partnership for Development and Growth Fund. For details on that provision, please refer to point 6.

10. Kandersteg International Scout Center (KISC) project expenditure

In 2006/2007, the staff costs related to the employment of KISC Director are part of the total FES staff costs, for the last year. Starting 1st October 2007 a new co-operation agreement will govern the relationships between KISC and the European Scout Region. A lump-sum grant of CHF 100'000 will be paid to an independent legal entity, the Kandersteg International Scout Centre (KISC), where local auditors perform a separate examination of its financial statements. This amount will be paid from the Ordinary Accounts.