



**European Scout Committee
Comité Européen du Scoutisme**

World Scout Bureau Europe Support Centre
Rue Henri-Christiné 5
P.O. Box 327
1211 Geneva 4 Plainpalais
SWITZERLAND

+41 22 705 11 00
europa@scout.org
www.scout.org/europe

April 2024

Final Accounts of the European Region for the Year Ended 30 September 2023

Dear friends in Scouting,

I have now had the pleasure to have held the office as Regional Treasurer for 10 months. It has been quite interesting and wonderful period with a lot of new things to learn and understand. This process have been facilitated and made easy and enjoyable by the support of fantastic people. I must convey my sincere thank's to the ESC members, our outstanding staff at the Support Centre and, last but not least, to my predecessor Thankmar Wagner.

I am looking forward on the coming years working with you in continuing supporting, develop and strengthen Scouting in our region.

Bo Holmström
Treasurer
European Scout Region

A. Finances of the European Region at a Glance (30 September 2023)

(Note: the assessment column is using the traffic light system)

Subject Matter	Amount/Description	Assessment
Operative income	USD 7,003,192	
Operative expenditures	USD 6,928,831	
Reliability of sources of income (general)	reliable/strong for projects	
Financial Reserves (in particular European Investment Fund)	strong	
Conformity of results compared to budget	fair (grants)	

B. Financial Impact and Risks of the European Region (past financial year and outlook)

Subject Matter	Description	Assessment
Income situation (current / short-term)	stable	
Income situation (mid-term / long-term)	quite reliable	
Expenditure situation	quite reliable	
Market value of financial reserves (e.g., EIF)	volatile, but ok	

C. Narrative

Even though the accurate figures can be found in the auditors' report, and such report reflects in our view exhaustively the financial situation of the European Region, I would like to offer some personal summary and further explanation as set forth below.

In the last couple of years we have faced turbulent times. In 2023 our movement have recovered from most of the impact of the COVID-19 pandemic but we there are still consequences of the war in Ukraine and this also extends to the European Region's finances. Therefore, a reporting on the last financial accounts would not be complete without a clear and transparent assessment of the current financial situation including an assessment of the potential financial impact in the future. For all of us, we can expect to continue to live in a volatile and uncertain environment. This makes it even more important to openly communicate our understanding, our analysis and our reasoning. This will be done in a separate section below.

1. Executive Summary

The financial year ending September 30, 2023 shows operational income of USD 7 million and operational expenditure of USD 6.9 million. While the approved budget was balanced at USD 2.5 million, the actual deviations were significant.

While our main recurring and reliable sources of income are

- (i) the yearly distribution of the Fund for European Scouting (FES) (USD 1.49 million); and
- (ii) regional fees (USD 187,000);

the financial year 2021/2022 came with more than USD 4.4 millions of income for projects (previous year: USD 1.6m), a very big portion of it stemming from the UNICEF funds to linder the effects of the war in Ukraine and forwarded to scout groups active in this valuable task. The (all-time high) amount of project income shows that the European Region has been, after the pandemic, able to successfully generate such project income and to go beyond its past capacity with the particular UNICEF project. Such project money could not be anticipated when the budget had been set up. However, for controlling purposes, the budget was still quite reliable, because the project income (even if volatile and unpredictable) usually means a balanced stream of income and expenses and, thus, is not entailing any financial risk if not planned ahead.

FES funds and regional fees showed again to be reliable resources of income ensuring the financial stability of the European Region. The annual distribution of FES is calculated based on the three-year average value of the funds. As reported in connection to the presentation of the outcome of the financial year ending 30 September 2022 the financial markets were at a low on that date. Due to the recovery of the financial markets per 30 September 2023 the effect of the fall in value 2022 will only had a very minor effect on the FES distribution in 2023-2024.

The expenditures reflect the need of the various areas of operation, and we see that the region was able to finance all events, as appropriate. The biggest portion of the operative expenses are personnel cost amounting to USD 1.22 million (previous year USD 1.16m). These figures reveal the strength and the qualification of the region's employees being one of the backbones of the regions day-to-day work.

2. Technical Explanations

The following section should give a brief introduction into the technical aspects of the European Region's finances and help in particular those who are not yet familiar with the multi-accounts-approach the region has to use. Those familiar with these technicalities may skip this section and continue reading immediately with section 3.

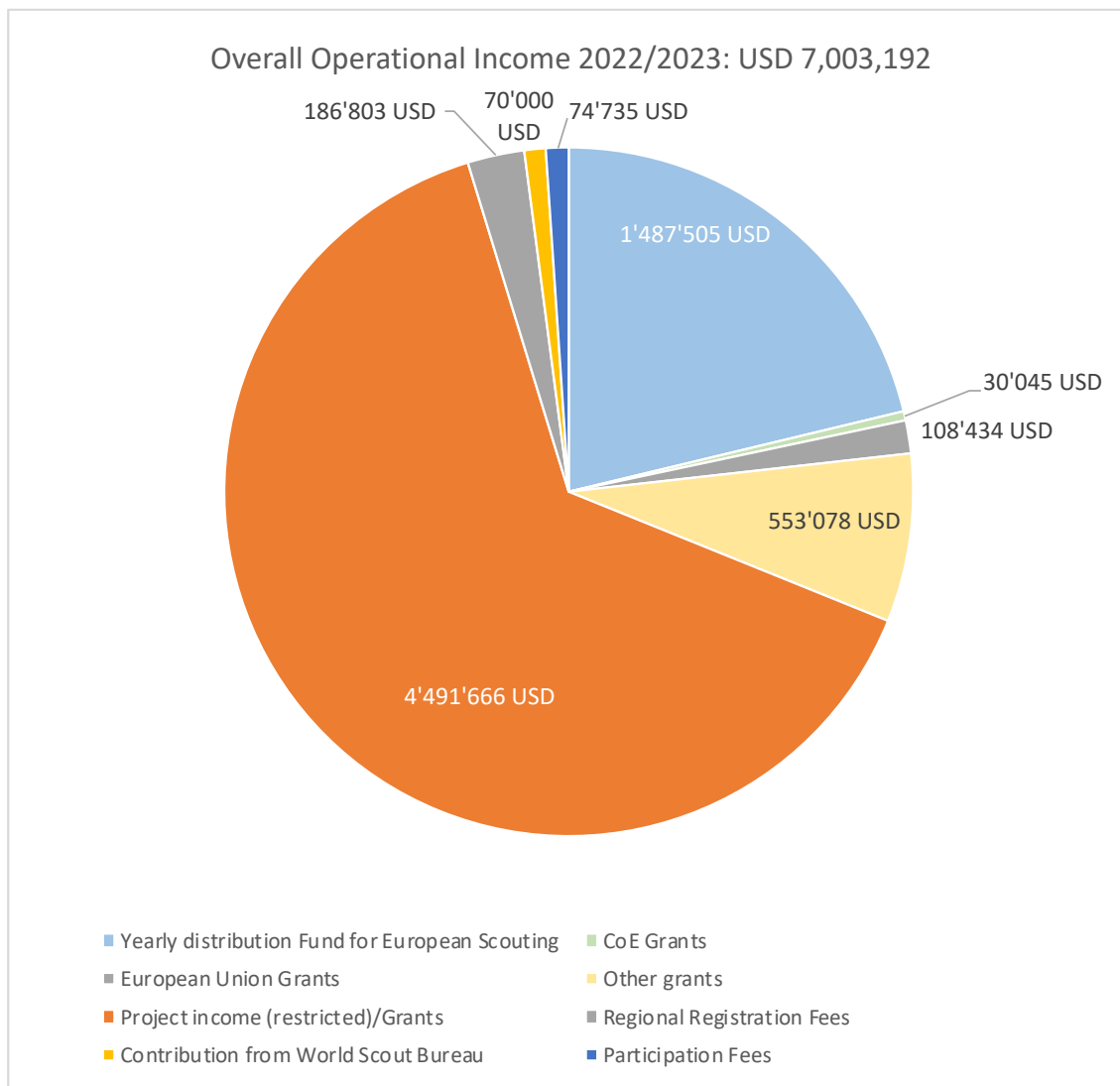
The **consolidated accounts** of the European Region show the overall financial situation, consolidated in USD (as this is the world level consolidation currency and makes it in particular easier to compare regional figures with world level figures). These statements are comprehensive and meaningful.

The two other financial statements are required to reflect the financial situation of the European Region's two entities, (i) WSB – European Regional Office, Geneva (in CHF) and (ii) ASBL European Scout Office, Brussels (EUR). As the offices in Geneva and Brussels are operationally working as one office, isolated figures are less meaningful.



3. Operational Income Situation

The income situation of the region is based on a few very reliable sources (see executive summary above). The biggest risk factors are (i) the currency exchange rate (USD-CHF and USD-EUR) and (ii) the financial market development. The sources of income in itself are luckily quite stable in the recent years (except for the project income as set forth above, which is quite positive). 4,470,914 USD is related to the UAct/Unicef project. The situation can be summarised as follows:



4. Operational Expenditures

It is key for the region to anticipate its financial needs. Therefore, a thorough planning process is conducted every year, in the context of which all planned activities are translated into their financial needs. This leads to the annual budget of the region.

We are using a realistic approach rather than a conservative approach. Typically, the European Region is financially capable to accommodate financially all requests for activities. Needs may vary from year to year. But the overall budget has been and will be balanced taking into consideration the allocations that help the region to plan ahead. This is very helpful to ensure a long-term stability of the region's finances. Such long-term planning brings along the option for the region to overspend its income of any given year using reserves planned for such purpose. Project income (and related) expenses are by far less predictable, but do not constitute a financial risk (see Executive Summary).





5. Financial Market Development and Impact on the European Region's Finances

The financial markets worldwide were at a low around September 30, 2022 but have recovered in the financial year ending September 30, 2023. This had and will have significant effects on the finances of the European Region.

a. European Investment Fund (EIF)

The European Investment Fund had been created a few years ago. If and to the extent the European Region was able to put something to the (general) reserves, it was put into the EIF. The intention is to have an additional pillar of funds/income in case other sources are not or less available. (For details see Note 8 to the consolidated accounts). The financial market development in the financial year ending September 30, 2023 was good and we have been able to recover the decline in the previous financial year. Value of the EIF portfolio showed a growth of 12% in the financial year. As of March 31, 2024 the value of the EIF has continued to increase. It is our assumption that the long term growth process is continuing even though some volatility always can be expected.

b. FES

Similar to the EIF funds, the market value of the FES was quite low as of September 30, 2022. Even though the FES money is not owned by the European Region, the market value of such funds is relevant for the annual distribution (see Executive Summary above). Given the fact that the value as of September 30, 2021 was quite high, the concern of potentially lower annual distribution of the annual distribution made in 2025 (and calculated on the basis of the 2022-2024 market values) was raised in the comments to the financial year ending September 30 2022. However, based on the development of the financial markets the risk for significantly lower distribution in 2025 can be assessed to have declined. There is no particular concern, but a clear view to the facts will alleviate the thorough planning and budgeting.

I, as well as the Regional Director, will be happy to answer any queries you may have concerning the final audited accounts for the year ended 30 September 2023.

Yours sincerely,

Bo Holmström
Treasurer
European Scout Region