

THE ENGLISH-SPEAKING UNION OF THE COMMONWEALTH

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011**



The English-Speaking Union

Registered Charity No. 273136

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WELCOME FROM THE CHAIRMAN AND DIRECTOR-GENERAL

Welcome to the ESU's annual report for the year to March 2011. Through our work we touch over 40,000 lives around the world each year, most of them under the age of 30, many of whom will still be saying decades hence that the ESU changed their lives. In the following pages you can read about what we did last year and about our plans for the future, and we hope you will find it enjoyable and interesting.

We took office as Chairman and Director-General in May and July 2011 respectively, in the wake of a tumultuous and sometimes turbulent year, during which nevertheless our flagship programmes saw tremendous and successful development so that our public benefit has never been greater.

Our first and pleasant task must be to offer our deepest thanks to our staff, members, volunteers and Governors who have ensured that, in a difficult external and internal environment, the ESU's charitable activities at home and abroad have continued to prosper and grow. Their commitment and enthusiasm are limitless and we are immensely grateful to them.

Our second task is to pay tribute to all those colleagues who left the Board during and after the year to 31 March: all have been unstinting in their support of the ESU and generous with their time and talents. Particular thanks go to our retiring Chairman Lord Hunt, who has combined unfailing courtesy with a lifelong commitment, which he continues, to the English Speaking Union; to our former Deputy Chairman Edward Gould, who chaired our Policy and Resources Committee with great diligence and enthusiasm; to our Honorary Treasurer Christopher Maclaren, who was pressed into office for a second time, for his ever-watchful chairing of our Investment Committee and general stewardship of our assets; and to our longest-serving colleague Anthony Westnedge, who chaired our trading subsidiary Dartmouth House Limited for many years.

The most difficult external environment for decades could not leave us unscathed, and contributed to the net deficit of some £270,000. This reveals the extent of our challenge in maintaining the reach and quality of our work. Rectifying the financial position is the top priority for the Board and ourselves, and there is no doubt that hard decisions will be required to balance the budget. The good news is that we enjoy a solid patrimony in our investment portfolio and the earning power of our magnificent headquarters at Dartmouth House, so we are well equipped to deal with the present difficult, but short term, situation.

The charitable activities are in robust health with scope for further development, particularly on-line; our governance and internal working has already improved enormously after a difficult time; our finances remain a considerable but not critical challenge. The latter will be greatly alleviated when we complete a rent review of the Chesterfield Hotel leases to be backdated to 25 December 2010. At the same time we continue to work purposefully on ways to maximise Dartmouth House's earning power while reducing our exposure to the cost of its maintenance and repair. So we look forward with confidence to presenting a more upbeat review of 2011's outcome in a year's time and to reporting the outcomes and results of the reforms already being put into place and those to come.

Mary Richardson

Peter Nyle

GOVERNANCE AND MANAGEMENT

The Governors present their report for the year to 31 March 2011, together with the audited financial statements. The information on this and the following page forms part of the report.

The financial statements comply with the current statutory requirements and the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005).

NAME AND REGISTERED OFFICE OF THE CHARITY

The full name of the charity is The English-Speaking Union of the Commonwealth (the “ESU” or the “Charity”). Its registered office and principal operating address is Dartmouth House, 37 Charles Street, London W1J 5ED.

The Charity is registered in England and Wales under registration number 273136.

PATRON

Her Majesty The Queen HRH

PRESIDENT

The Prince Philip Duke of Edinburgh KG KT (retired 2011)

BOARD OF GOVERNORS (Trustees of the Charity)

HONORARY OFFICERS (ex officio Trustees of the Charity)

Chairman	The Rt Hon The Lord Hunt of Wirral MBE PC (retired May 2011) Dame Mary Richardson DBE (elected May 2011)
Deputy Chairman	Edward Gould (resigned May 2011)
Deputy Chairman	Dame Mary Richardson DBE (to May 2011)
Deputy Chairman	Jonathan Dye (elected July 2011)
Deputy Chairman	Sir Peter Jennings (elected July 2011)
Treasurer	The Hon Christopher McLaren (retired May 2011)
Treasurer	Alan Cox (elected July 2011)

GOVERNORS

The Rt Hon The Lord Boateng PC DCL	Colin McCorquodale
Lady Boyd	Bilal Mahmood
Saroj Chakravarty	Derek Morgan OBE (elected July 2011)
Roderick Chamberlain	Richard Oldham
David Cheeseman (co-opted September (2011)	Gill Prior (elected July 2011)
Alexander Finnis	Holly Shakespeare (co-opted: resigned and elected July 2011)
Jennifer Hibbert	Roger Tilbury (elected July 2011)
Steven Isserlis CBE	The Lord Watson of Richmond CBE

The following also held office during the year:

David Carter (resigned June 2011)	Kirsty McNeill (co-opted: resigned August 2011)
Sir Richard Dearlove KCMG OBE (to November 2010)	Sir Christopher Meyer KCMG (resigned October 2010)
Jonathan Dye (resigned July 2011)	The Rt Hon Andrew Mitchell MP (resigned July 2011)
Cheryl Gillan MP (resigned April 2010)	Jeanne Pumfrey (to November 2010)
Dr Elizabeth Hallam-Smith (resigned June 2011)	Margaret Rudland (to November 2010)
Andrew Hay (to November 2010)	Baroness Symons of Vernham Dean (to November 2010)
Professor Steven Hodkinson (resigned October 2010)	David Thomas OBE (co-opted: resigned June 2011)
Richard Kaye (retired July 2011)	Anthony Westnedge OBE (retired June 2011)
Brian Marsh OBE (retired November 2010)	

EXECUTIVE OFFICER

Secretary

Professor Steven Hodkinson (appointed July 2011)

THE ENGLISH-SPEAKING UNION OF THE COMMONWEALTH
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

DIRECTOR-GENERAL

Peter Kyle OBE (from July 2011)

Michael Lake CBE (to June 2011)

DIRECTORS

Jill Lloyd, Director of Finance and Administration (resigned September 2011)

Martin Mulloy, Director of Charitable Activities

Meriel Talbot, Director of Branches

Jo Wedderspoon, Director of Fundraising and Development

AUDITOR

Crowe Clark Whitehill LLP

St Brides House

10 Salisbury Square

London EC4Y 8EH

SOLICITORS

Geldards LLP

Number One Pride Place

Pride Park

Derby DE24 8QR

BANKERS

Coutts & Co

440 The Strand

London WC2R 0QS

INVESTMENT MANAGERS

Sarasin & Partners LLP

100 St Paul's Churchyard

London WC4M 8BU

STRUCTURE

The ESU was founded in 1918 as an unincorporated association. In 1922 the association was incorporated under the Companies Act as a company limited by guarantee and without share capital. In 1957 the ESU was granted a Royal Charter in which its charitable objectives are set out and which remains its governing document.

The ESU in England and Wales comprises 37 branches with a total membership at 31 March 2011 of 5,095 and 4,788 registered alumni. The members contribute to the ESU's aims and objectives through their membership subscriptions, through branch events that have an educational or international dimension and through regional support of the national competitions.

There is a worldwide network of national English-Speaking Unions, each of which is an independent organisation (a "Union"). Every new Union must apply for membership of the International Council, which considers applications and controls the right to use the English-Speaking Union name. If appropriate it may suspend or revoke a Union's membership of the International Council.

The ESU provides the secretariat and the main funding of the International Council.

GOVERNANCE

The ESU is governed by a Board of Governors, each of whom must be a member of the ESU. In May 2011 Dame Mary Richardson was elected Chairman of the ESU, succeeding Lord Hunt. Each new Governor receives an induction to the ESU. This includes briefings on key responsibilities of Trustees; how the Board and its committees work and interact; the purpose and objectives of the ESU; information about its staff, volunteers, finances; and Health and Safety. Governors are encouraged to become involved with ESU events and to visit local branches.

The Policy and Resources Committee meets regularly and is responsible for oversight of day to day activities. During the year the custom was for all Governors to be invited to attend meetings of this Committee.

MANAGEMENT

In July 2011 the Governors appointed Peter Kyle OBE to succeed Michael Lake CBE as Director-General. The Director-General is responsible for the management of the Charity, with support from the Director of Finance and Administration, the Director of Charitable Activity, the Director of Branches and the Director of Fundraising and Development.

PUBLIC BENEFIT STATEMENT

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, '*Charities and Public Benefit*'. The ESU's charitable purpose is enshrined in its objects 'to advance education'.

OBJECTIVES

It is worth reiterating precisely what the Royal Charter states as our “aims and objects”:

The aims and objects of the Union shall be to promote within Our United Kingdom and other countries of the Commonwealth, the United States of America, Europe and elsewhere the mutual advancement of education of the English-speaking peoples of the world, in particular (but without in any way limiting the generality of the foregoing) respecting their heritage, traditions and aspirations, the events and issues of the day affecting them, their inter-relationships and the use of English as a shared language and means of international communication of knowledge and understanding: provided always that the foregoing aims and objects shall at all times be pursued in a non-political and non-sectarian manner.

Today there are real concerns about the quality of effective communication both in our education system and in society at large. These concerns are shared by the Department of Education, schools, teachers and educators, and are reflected in national curriculum goals aimed at overcoming this barrier to personal and educational potential. At the same time, we live in an increasingly complex society of diverse communities with a range of linguistic, ethnic, religious, cultural and class backgrounds; and amid a revolution in information and communication technology which has led to entirely new ways of communicating, often as divisive as they are unifying.

In this respect we in the UK merely reflect the global fact of increasingly complex multi-culturalism. Competence in English has become a vital tool for personal, community and international development and understanding bringing better and more effective communication, clarity of thought and exchange of dialogue.

To meet this need we work principally with young people in the UK and internationally, helping them to gain confidence, find their voice and engage in dialogue through the use of English as a shared language. These are school children, students, young adults, teachers and other professionals for whom the ability to communicate effectively in English is a vital skill. We focus increasingly on providing true public benefit by giving ever wider access in schools and elsewhere to the language and communication skills critical to redressing imbalances and disadvantages, whether rooted in ethnic, socio-economic or other causes.

ACTIVITIES

During 2010-11 we expanded our range of programmes and activities, reaching more beneficiaries than ever in key programmes. We expanded our international network, bringing more international participants into our programmes. The following sections describe, department by department, our activities and future plans.

SPEECH AND DEBATE

- There was strong demand for **Discover Your Voice** teaching and **ESU mentor support** despite the economic downturn. We saw a 10 % increase in bookings, up from 65 to 72, and worked with 115 schools. We expect further growth in bookings, albeit not at the same rate, as we continue to diversify the training we offer to meet more specialised needs from schools.

We set up a comprehensive training programme for student mentors to increase our teaching capacity. Once trained this team is able to teach in schools independently of fulltime staff giving us greater flexibility and capacity. All our mentors use ESU-branded T-shirts, pens and folders to project a professional look and feel to our work. We have received much appreciative feedback about the appearance and manner of our mentors, which further promotes our reputation and encourages demand for our work.

- The **London Debate Challenge** celebrated its tenth anniversary in style, with big increases in participation brought about by the use of paid mentors to support pairs of boroughs. This produced no less than double the number of boroughs (28 against 14 last year); almost double the number of schools (over 200); and over 50% more students (over 800). This increase was made possible thanks for the financial support we received from ESU London Region to run the initial training and help with competition days and the further support they offered which combined with sponsorship from Allen and Overy, *The Week* and Mediacom which paid for the final held in Methodist Central Hall.
- Our **Debate Academy** was oversubscribed for the first time in five years. We introduced a new extended track for students wanting training in specific formats, which has been widely welcomed. Both of the schools competitions (debating and public speaking) remain strong with hundreds of schools taking part across the country. There is a positive trend toward greater state school involvement in both competitions, and work in this area continues primarily through activities like the London Debate Challenge and free training (funded by ESU London Region), which result in schools entering the national competitions in later years.
- We took three steps to widen our work for **adults**. The first came from a group of medical students who asked us to run some training days and competitions for newly qualified doctors. From this seed we grew a joint project with the British Refugee Council to deliver training in communication and presentation skills to a group of refugees. This forms part of a wider BRC programme and they are keen to continue our joint work as an integral part of it. Finally, we are exploring with another organisation a joint programme with inmates in Pentonville Prison.
- Our “**This House Believes**” **Facebook page** recognises the need for a serious ESU presence in the social media, generating a following of more than 2,000 people, with other pages created for specific events. To capitalise on this new audience we started “**Dartmouth Open House**”, a free fortnightly after-school debating club at the ESU. Two pilot sessions attracted some 20 students each so we plan to launch a full programme in the new academic year running twice per month during term-time. We are again grateful to the London Region for providing funds to cover catering costs for the students who participated.
- The **John Smith Memorial Mace** continues to be a highlight of the university debating calendar with staff directly running the English leg of the competition and assisting with the Irish and Welsh while our colleagues in ESU Scotland run the competition there. The international final was held in Dublin this year. Thanks to the continued generous sponsorship of Baillie Gifford we were able to offer pre-competition training in all four nations and increase the number of participating teams.

- The **ESU-Essex Court Chambers National Mooting Competition for Schools** ran very smoothly this year with victory going to the team from Glasgow University. The mooting competition is open to all undergraduate law faculties in the country and this year we had entries from Northern Ireland for the first time in many years. We hope to build on this renewed interest this year to expand entries further. The competition is supported by Essex Court Chambers.
- Both the **Schools Mace** and the **Public Speaking Competition for Schools** remained strong over the last year with steady numbers overall but a slight increase in state school participation. The Public Speaking final was hosted by Goodenough College and they have offered the venue again for next year and the best speaker in the final last year represented England and Wales in the International Public Speaking Competition and reached the semi-final stage. The team from St Paul's won both the Schools Mace in England and the International Mace against the Scottish, Welsh and Irish champions. Thanks go to Professor George Yip for his support of the Schools Mace.
- The **Great Debates** series has continued thanks to the financial support of the Garfield Weston Foundation. We have worked with a range of partners including the Shakespeare Birthplace Trust, Black Lawyers Directory, Historic Royal Palaces and *The Day*. Public debates have also received a renewed focus, with two major events held since the year end. This twin track approach has helped us reach out to students more interested in a subject than in debating; and to a wider audience interested in watching but not participating in debates.
- The international version of the Discover Your Voice handbook (**IDYV**) is almost ready to go to print. Feedback from trials in Greece, New Zealand and Argentina are still coming in and when the re-edit process is completed the ESU will approach a publisher with expertise in educational materials. From overseas teaching work interest has already been expressed by organisations in South Korea, China and Jordan.
- Over the last few months staff from Speech and Debate have worked to assist ESU New York in their project to be involved in a debating programme for middle school students. ESU New York is working with an existing programme to run debate leagues in New York and Jersey with plans to consider a wider roll out if the trial phase is a success.
- We are particularly grateful to HSBC for their continuing generosity in funding the **International Public Speaking Competition**. This year 48 countries took part, four of whom were new to the competition. 40,000 international students participated, with 81 attending the grand final held in London. Following last year's initiative, a number of former participants and winners returned as judges or advisers to the young people taking part.
- We achieved this year's growth in the volume and scope of our work in an environment of school and Local Authority spending cuts across the country. To counteract the cuts we found ways to work in a more integrated way within the ESU, added a part time staff member on a fixed term contract to take on specific revenue-generating projects, made greater use of trained mentors paid for their work, and set up a growing number of partnerships and joint projects with other organisations.

EDUCATION

- We successfully maintained our educational **exchanges, volunteer programmes** and **scholarships** at existing levels despite the challenging climate for fundraising. These programmes benefit school pupils, university students, teachers, research scientists, musicians and others. The relatively longer and deeper experiences these programmes offer continue to change their participants' lives and create an annual wave of new and committed alumni. Our ability to expand this work is limited in many cases by the yield on the designated trusts or other sources which fund them.
- The **Secondary School Exchange (SSE)** is one of our oldest, longest and thus most prestigious programmes. Many of our most active members and alumni are former participants. It was the only Education programme to experience a fall in numbers in the year: we attribute this to the changes in English university funding

which has encouraged this year's sixth formers to forgo a gap year. In the current financial climate we face an additional challenge in enlisting British schools to host scholars from America: this year 15 schools in the UK and 18 in the USA offered places to a total of 34 SSE scholars.

- We revitalised our summer season of major **conferences and events**, which are now run by the Education Department. The **Shakespeare Study Course in Stratford** (the "Stratford Course"), in conjunction with the Shakespeare Birthplace Trust, the **International Relations Conference** in Oxford and the **Globe Cultural Seminar** week in London were all particularly successful, the latter expanding its reach to include 30 delegates from 30 countries.
- We continue to manage programmes on behalf of the **Marsh Christian Trust** and **Morehead-Cain Foundation**. During the year we renegotiated the terms of these arrangements and consequently both organisations now pay an administrative cost for staff time and resources.

FUNDRAISING AND DEVELOPMENT

- The department was redefined in the year to act as our conduit for building **partnerships** with other organisations, as well as mainstream fundraising. It includes responsibility for **Events** (other than branch events), Membership, Alumni and the database.
- The **highlight of the year** was undoubtedly the February dinner at Buckingham Palace to mark the retirement of HRH The Duke of Edinburgh as our President. 180 guests, including a number from overseas, were chosen by ballot, and all were privileged to enjoy a marvellous evening.
- Other major events included the **Churchill Lecture**; a series of **City Lunches at Dartmouth House** with guest speakers including Andrew Mitchell, Vince Cable and Lord Mandelson; and the widely enjoyed **Election Night Party**.
- To combat the unfriendly economy, we worked hard to build on existing **corporate sponsorship**. We were pleased that some increased their support; and that new sponsors came forward, including *The Week* magazine who have committed to support the London Debate Challenge for two years.
- The F&D team also co-ordinates **cultural and educational events** to develop relationships with ESU members, alumni and others interested in our work. Our events increasingly reflect the seasons, with the ultimate goal of an events calendar that can be advertised well in advance. This can increase the relevance and attraction of the ESU to a wider, and particularly younger, demographic range of potential members.
- After a difficult period, Decisions Limited have been appointed as our **database provider**. Since January, and with the benefit of membership and alumni surveys, they have been working with staff to define and implement a database fit for purpose for the whole ESU.

BRANCHES

- The ESU continues to benefit from the enthusiastic support of its more than 5,000 members of 37 branches, whose events raised £51,000 in the year for educational awards and other grants. Members play an increasing role in our international activities by running their own scholarships and by offering sponsorship and hospitality. They also run the early stages of the Public Speaking Competition for Schools.
- Individual branches run their own charitable projects in support of the Charity's public benefit remit. A few examples include:
 - **Ouse Valley Branch** gave sponsorship of £1,500 to provide five training sessions in public speaking for eight- and nine-year-olds in a new consortium of lower schools in Bedford. They also finalised the preparatory work for a two-year English Writing Competition for students for whom English is not their first language.
 - **Worcester Branch** sponsored an event for young children at the Ledbury Poetry Festival and supported the Malvern Literary and Musical Festival. They also sent money to a school in Mongolia to help purchase educational equipment.
 - **Canterbury and East Kent Branch** holds an annual one-day event with Shakespeare's Globe Theatre for the benefit of schoolchildren in Canterbury.
 - **South Wales Branch** sponsors an English teaching project in Santa Cruz, Bolivia, to benefit street children there.
 - **Lincolnshire Branch** sponsored students, schools and colleges in the county as teaching assistants in English in Kathmandu and in a remote village in South Africa, and as workers on a conservation project in Indonesia.
 - **York Branch** provided tuition and board sponsorship at a school in York for a Russian student.

INTERNATIONAL

- **New Unions** were launched in Malta and Turkey, and steering committees for possible further Unions were formed in Spain, Italy and Ukraine. The ESU developed partnerships with organisations in Morocco, South Africa, Kenya, Jordan and Rwanda, an efficient and effective way for us to expand the scope of our work internationally.
- The new **Delegations Programme**, mainly funded by other Unions, saw mentors and staff travelling to support our programmes in Malta, Turkey, Ghana, Rwanda, Hong Kong and Belgium. This programme adds to the capacity of participating Unions and facilitates relationships with new partners and sponsors. It also strengthens our connections with the Foreign and Commonwealth Office and with the British Council.

LIBRARY AND ARCHIVE

- An annual award from the ESU and the Chartered Institute for Library and Information Professionals (CILIP) funds a **Travelling Librarian Scholarship** to pursue aspects of their work in the United States. Uniquely, funding was found this year for awards to two equally deserving librarians to examine their particular sphere of study: one from the public library system in Manchester and one from the University of London exploring librarian support for Caribbean studies. In May we welcomed the 2009 winner to the annual gathering for past participants to learn how US libraries support researchers in mathematical sciences and physics.
- The reorganisation of archival material continues, including Branch committee papers, documents relating to the whole range of special events, alumni records and the extensive collection of photographs commemorating occasions of significance. The range of archival enquiries is also growing both in subject matter and in the depth of the enquiry, from a school requesting a record of their past SSE scholars to an international Union asking for the complete list of the past Patrons, Presidents and Chairmen of the ESU together with the guest list for Evelyn Wrench's memorable dinner on 28 June 1918.

GRANTS AND SCHOLARSHIPS AWARDED DURING 2010/11

Details of the grant-making policies/selection criteria can be obtained from the ESU website or upon application.

Programme	Total Value (£)	Number of Awards
Secondary Schools Exchange (SSE)	762,596	41
Lindemann scholarship expenditure	55,488	3
Globe Cultural Seminar	33,902	29
Capitol Hill internships	30,500	5
Stratford Study Course	14,689	19
Music scholarships	13,935	9
Walter Hines Page scholarship expenditure	7,155	5
Travelling librarian	4,060	2
American Memorial Chapel scholarship	2,403	1
Chiltern Art History scholarship	3,009	1
International Development		
International Relations Conference	<u>29,592</u>	29
Total	<u>957,329</u>	

Each of the above were awarded to individuals.

FUTURE PLANS

- In all areas we face the challenge of maintaining acceptable levels of growth in highly competitive markets and challenging economic times. Success in these efforts will continue to raise our profile, allowing us to attract more funding and programme partners and thus to deliver more training and competitions to widen and deepen our charitable impact.
- As our programmes penetrate deeper into the state school system and international education, they bring increasing public benefit to students disadvantaged through a number of causes, including ethnicity and socio-economic deprivation. By providing them with a means to communicate confidently in English, we offer an important boost to their self-esteem and platform for their self-development.
- Specific plans include a new Teachers' Handbook that we developed last year. Based on the Discover Your Voice series and designed for international use, the Handbook is culturally flexible, linguistically accessible and adaptable for age group and class size. Since the year-end, teachers in six countries have tested the completed draft and their feedback is being incorporated into the next version: we intend to approach a publisher around Christmas 2011. This project will help us establish our credentials in the education field worldwide, and start generating royalty income at an early date.
- Although the Summer Seminars – the International Relations Conference, Globe Cultural Seminar and the Stratford Course – continue to attract high calibre delegates and eminent speakers, we have decided with regret to restrict numbers on all three conferences this year unless more funding can be found. We are also encouraging our branches to sponsor the Stratford Course for 2011, which is open to delegates from England and Wales.
- We expect SSE applications to revert to normal from September 2011 once the new university fee system is embedded. We continue to seek further schools able and willing to participate by accepting American students.

FINANCIAL REVIEW AND INVESTMENT PERFORMANCE

SUMMARY

- At 31 March 2011 the Group had net assets of £28,841,178 against £28,970,488 in 2010. The fall of £129,310 primarily reflects a negative operating result of £487,706 partly offset by legacy income of £210,000 mainly from the Cynthia Potter estate, resulting in an operating deficit of £277,706.
- There was an unrealised gain on investments of £148,396 from our portfolio valued at £2,401,252, including branch investments of £20,814. General donations at £152,870 struggled in comparison to previous years, symptomatic of the financial circumstances affecting all sectors of the UK economy since the downturn in autumn 2009.
- Net assets represent the Charity's restricted funds of £1,168,066, including branch funds of £94,274; and unrestricted funds of £27,670,461, including branch funds of £36,138. The bulk of the unrestricted reserves are made up of the value of our freehold property at £26,200,000: of this, the value of the areas leased to Red Carnation Hotels, who operate the Chesterfield Hotel, is £18,200,000 and of the areas we retain for our own use £8,000,000.
- These figures include the results of our trading subsidiary Dartmouth House Limited, primarily our hospitality and catering contract with the Leith's division of Compass Group. At £249,270 our share of Leith's revenues was down from £257,248 in 2010, continuing a three-year downward trend.
- Consequently we are looking closely at the budget for 2012, seeking a breakeven result through increased income and capped or reduced spending.

COMMENTARY

The Governors are extremely grateful to those who give financial support for general or specific purposes, as well as to the many members, alumni and volunteers without whose generous donations of their time, talents and money it would not be possible for us to provide our full range of charitable programmes.

The Statement of Financial Activities (the "SoFA") on page 16 reflects the difficult year summarised above. However, the ESU is better placed than many other charities.

- We do not, indeed have never, received statutory funding, so we are not directly exposed to the risk of cuts which many others have endured.
- We are fortunate to have a substantial regular rental income from the properties leased to the Chesterfield Hotel. These are subject to upward-only reviews every five years, and we are currently negotiating the new rent to be backdated to 25 December 2010. No provision has been made for the potential uplift in rent, which remains in the 2011 SoFA at the current rate of £900,000 a year.
- Dartmouth House itself is our major asset and we are exploring ways to maximise its earning power as well as reducing or eliminating our exposure to its ongoing costs of repair and maintenance.
- It is pleasing to note that charitable expenditure on the education programmes and scholarships has increased, a positive reflection on activities reported above.
- Income from our investment portfolio has increased over the previous year's performance. The managers' mandate is to produce a balance between income and capital, so results will vary from year to year.

On the other hand there were some negative factors.

- The continuing decline in hospitality (mainly wedding) and catering revenues from the Leith's contract has had a prolonged impact on what had previously been a significant source of income. The situation is made worse by the essentially fixed costs of the staff and overheads, being the main expenditure of Dartmouth House Ltd.
- We have had to cut back on the number of places offered on some programmes to restrict costs. This is a flexible decision which can easily be reversed as our financial circumstances improve.

- Membership fees have not increased for several years. As described elsewhere, our members are essential and generous supporters of the Charity in a wide variety of ways. However with total membership remaining static at just over 5,000 for several years and with the impact of inflation on their fees, there has been a significant real decline in subscription income. A review of fee levels is currently in hand.
- There was unusually heavy expenditure on governance costs of £163,390 (2010: £69,283). This figure includes exceptional legal and professional fees and other costs in connection with governance changes, two General Meetings, and property-related negotiations.

INVESTMENT PERFORMANCE

The Charity's portfolio, valued at £2,401,252 at year end, is managed on a discretionary basis by Sarasin & Partners LLP, whose mandate is to pursue a long-term total return which will protect the real value of the portfolio. Our Investment Committee meets Sarasin quarterly to monitor performance, review market conditions and assess the Charity's short-term requirements.

The managers' stated strategy is to invest in a wide range of diversified assets. Current holdings are biased towards income-producing assets, predominantly equities, with smaller defensive holdings in fixed income and cash. There is a peripheral allocation to alternative assets. In 2011 this strategy produced capital appreciation of £148,396, an uplift of 6.5% on the opening market value, and income of £65,192, a yield of 2.9%.

RISK MANAGEMENT

The major risks to which the ESU is exposed have been identified. Policies and procedures are in place to mitigate these risks. Since the year-end the Board has set up an Audit and Risk Committee which will, among other responsibilities, refine the process by which we register, review and mitigate all categories of risk to which the Charity may be exposed.

To manage our cash flow, rental income from the Chesterfield Hotel is received quarterly in advance and roughly covers our payroll costs. The income from our investment portfolio and cash deposits contributes to our overheads including insurance and utilities. Our voluntary income is almost exclusively used to fund our charitable activities, which we seek wherever possible to fund in advance. Where this is not practical, or an activity makes a loss, the shortfall is made up from general funds: this is a trigger for a review of the cost and benefit of the activity, and possibly for an adjustment against future budgets.

We obtain Criminal Records Bureau clearance for employees and volunteers who have contact with children. Home stays for young people under 18 have been put on hold until the requirements for Independent Safeguarding Authority clearance have been clarified.

RESERVES

The Board's policy is to maintain free liquid resources at least sufficient to cover overheads and payroll costs for 12 months, after taking into account rental income. This represents the time during which the Board considers it could achieve an orderly wind-up of the Charity's affairs. Based on current expenditure this implies a reserve requirement of £495,402.

At 31 March 2011 the Charity's unrestricted general fund stood at £26,940,969 (2010: £27,131,642), of which £26,262,463 was accounted for by fixed assets and illiquid investment property. The difference of £678,506 (2010: £875,756) represents our free liquid resource, being in excess of the requirement of the policy by £183,104.

The designated funds include an amount of £142,433 (2010: £141,221) for the repair and maintenance of Dartmouth House. The Board recognises the need for a substantial increase in this figure and is reviewing all aspects of income and expenditure relating to the building.

STATEMENT OF RESPONSIBILITIES OF GOVERNORS

The Governors as Trustees of the Charity are responsible for preparing the Trustees' Report and the financial statements being the consolidated accounts of the English Speaking Union and its subsidiary company Dartmouth House Limited (together, the "Group"), in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and the Group, and of the net outgoing resources of the Group for that period. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charity's transactions, and disclose with reasonable accuracy at any time the financial position of the Charity, and enable them to ensure that the financial statements comply with the Charities Act 1993. They 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.

AUDITOR

On 1 October 2010, Horwath Clark Whitehill LLP changed its name to Crowe Clark Whitehill LLP. Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor.

This report was approved by the Governors on 29 September 2011 and signed on their behalf by the Chairman.



Dame Mary Richardson
Chairman

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ENGLISH-SPEAKING UNION OF THE COMMONWEALTH

We have audited the financial statements of The English-Speaking Union of the Commonwealth for the year ended 31 March 2011 set out on pages 16 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's Trustees as a body, in accordance with section 44 of the Charities Act 1993. 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.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 March 2011 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 1993.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- returns adequate for our audit have not been received from branches not visited by us; or
- sufficient accounting records have not been kept by the parent charity; or
- the 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.

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP
Statutory Auditor
London

19 October 2011

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(including income and expenditure account) for the year ended 31 March 2011

	Notes	Unrestricted £	Restricted £	2011 Total £	(11 months) 2010 (restated) Total £
INCOMING RESOURCES					
Income from generated funds					
Voluntary income					
Donations		142,898	9,972	152,870	164,595
Legacies		210,000	-	210,000	81,187
Activities for generating funds					
Property Income		1,094,473	-	1,094,473	1,022,064
Investment income & deposit interest		40,046	25,146	65,192	41,687
Commission from contract caterer		54,797	-	54,797	60,184
Income from charitable activities					
Education programme & events		153,166	102,152	255,318	351,998
Income from branch events		222,869	-	222,869	208,376
Membership subscriptions		122,511	-	122,511	111,656
Educational facilities & placements	6a	-	806,000	806,000	815,000
TOTAL INCOMING RESOURCES		2,040,760	943,270	2,984,030	2,856,747
RESOURCES EXPENDED					
Cost of generating funds					
Subsidiary's operational expenses	2	200,494	-	200,494	178,062
Charitable expenditure					
Education programme & scholarships	3	1,491,432	118,820	1,610,252	1,333,376
Membership & branches	4	382,600	367	382,967	382,829
International development		98,633	-	98,633	93,266
Educational facilities & placements	6a	-	806,000	806,000	815,000
Governance costs	5	163,390	-	163,390	69,283
TOTAL RESOURCES EXPENDED	6	2,336,549	925,187	3,261,736	2,871,816
NET (OUTGOING)/ INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS & LOSSES					
		(295,789)	18,083	(277,706)	(15,069)
OTHER RECOGNISED GAINS AND LOSSES					
Gains on investments	10	90,201	58,195	148,396	399,416
Unrealised gains on revaluation of investment properties	10	-	-	-	6,700,000
Unrealised gain on revaluation of other fixed assets		-	-	-	700,000
NET MOVEMENT IN FUNDS		(205,588)	76,278	(129,310)	7,784,347
Total funds brought forward at 1 April 2010		27,878,700	1,091,788	28,970,488	21,186,141
Total funds carried forward at 31 March 2011	14	27,673,112	1,168,066	28,841,178	28,970,488

All the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Restricted funds held at 31 March 2011 include endowments of £756,479 and gains attributed of £46,780 (note 15).

BALANCE SHEET

as at 31 March 2011

	Notes	ESU Group		ESU Charity	
		2011 £	2010 £	2011 £	2010 £
FIXED ASSETS					
Tangible fixed assets	9	8,062,463	8,055,886	8,062,463	8,055,886
Investments	10	20,601,252	20,472,012	20,601,252	20,472,012
		28,663,715	28,527,898	28,663,715	28,527,898
CURRENT ASSETS					
Stock		4,858	5,000	-	-
Debtors	11	176,347	202,724	134,009	144,537
Cash at bank and in hand		626,470	802,289	624,618	796,004
		807,675	1,010,013	758,627	940,541
CREDITORS					
Amounts falling due within one year	12	630,212	567,423	583,815	500,602
NET CURRENT ASSETS		177,463	442,590	174,812	439,939
NET ASSETS	14	28,841,178	28,970,488	28,838,527	28,967,837
Representing:					
RESTRICTED RESERVES					
Endowments		756,479	709,699	756,479	709,699
Branch funds		94,274	80,663	94,274	80,663
Restricted funds		317,313	301,426	317,313	301,426
	15	1,168,066	1,091,788	1,168,066	1,091,788
UNRESTRICTED RESERVES					
Designated funds		693,354	658,561	693,354	658,561
Branch funds		36,138	85,846	36,138	85,846
Trading funds	2	2,651	2,651	-	-
General funds		26,940,969	27,131,642	26,940,969	27,131,642
	15	27,673,112	27,878,700	27,670,461	27,876,049
TOTAL FUNDS	15	28,841,178	28,970,488	28,838,527	28,967,837

These financial statements were approved and authorised for issue by the Governors on 29 September 2011 and signed on their behalf by

Dame Mary Richardson DBE
Chairman

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a. Basis of accounting

Except as indicated below, these accounts have been prepared under the historical cost convention and in accordance with the applicable standards including the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2005). The particular accounting practices adopted by the Governors are described below.

b. Group accounts

The accounts have been consolidated to include the results of the charity's trading subsidiary Dartmouth House Ltd. The Group has taken the exemptions available under FRS 8 regarding the disclosure of intra-group transactions.

In accordance with the SORP 2005, no individual statement has been prepared for the parent charity, the English-Speaking Union of the Commonwealth.

Dartmouth House Ltd is a trading subsidiary of the ESU. It is incorporated as a company limited by guarantee and not having a share capital. A Gift Aid payment is made to the ESU each year equivalent to the taxable profit. The trade of the company is promoting the facilities in Dartmouth House for external use.

c. Income resources

All incoming resources are included in the Consolidated Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies apply to categories of income:

- Subscriptions are credited to the income and expenditure account when received, less a provision for the unexpired portion.
- Legacy income is included in the financial statements when the conditions of entitlement are met.
- All income is accounted for on an accruals basis. Donations are included in the financial statements when the conditions of entitlement are met.

d. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under the headings that aggregate all costs relating to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources. The majority of overheads have been apportioned on the basis of headcount because that is the main driver of the costs of the charity.

Expenditure is stated in line with the SORP 2005. Scholarships are accounted for in full upon the creation of a constructive obligation. Support costs, which include finance, IT, head office functions and facilities are allocated across categories of the charitable expenditure, governance and the costs of generating funds. Governance costs separately identified, relate to the general running of the charity as opposed to the costs of fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to the day to day management of the charity's activities. Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Irrecoverable VAT is charged as a cost to the Consolidated Statement of Financial Activity.

e. Funds

Endowment funds

Permanent endowments: where a donor specifies only income arising from a donation can be used, and the income may also be restricted towards a particular purpose.

Expendable endowments: an expendable endowment fund is a fund that must be invested to produce income. Depending on the conditions attached to the endowment, the Governors will have a legal power to convert all or part of it into an income fund which can then be spent.

Restricted income funds

Restricted income funds are subject to specific restrictions imposed by the donor or by the nature of the appeal.

General, unrestricted income funds

General funds are unrestricted income funds available to the ESU for its general purposes and include funds designated for a practical purpose. The use of designated funds remains at the discretion of Governors.

f. Fixed assets

Freehold properties are stated at an open market valuation. Other fixed assets are stated at cost less accumulated depreciation. Assets with a cost in excess of £1,000 intended to be of on-going use are deemed to be fixed assets.

g. Depreciation

Investment properties are included at market value and are not depreciated. Freehold property for charity use is also included at market value and it is the Governors' opinion that there will be no diminution in value, therefore no depreciation is provided on freehold property. Depreciation in respect of plant and machinery, furniture and fittings is charged on straight line basis over five years, and in the case of computers on a straight line basis over four years.

h. Investments

Investments listed on a recognised stock exchange are included in the Balance Sheet at market value, including those parts of the freehold property which are leased. Realised and unrealised gains and losses are included in the Statement of Financial Activities.

i. Branches

The income and expenditure, assets and liabilities of the branches of the ESU in England and Wales have been combined within these accounts. The separate ESUs in Scotland and overseas are autonomous organisations and have therefore not been consolidated.

j. Cash flow statement

The ESU qualifies as a small entity under FRS1 and SORP and is therefore exempt from the requirement to prepare a cash flow statement.

k. Pensions

The charity operates a defined contributions pension scheme. Contributions payable for the year are charged to the Statement of Financial Activities in the period for which they are due.

l. Taxation

The ESU has charitable status and is thus exempt from taxation of its income and capital gains falling within Sections 521 to 536 of the Income Tax Act 2007 to the extent that they applied to its charitable objectives. No material tax charge has arisen in its subsidiary and no provision is required for deferred taxation.

m. Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stock.

n. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate prevailing on the date of the transaction. Exchange gains and losses are recognised in the Statement of Financial Activities.

o. Benefits in kind/ Prior year adjustment

The benefits in kind received by the Charity are included at a reasonable estimate of their gross value to the Charity. See note 6A for details of prior year adjustment.

2 TRADING SUBSIDIARY

Summary of audited accounts for Dartmouth House Ltd

Dartmouth House Ltd outsources the catering and room hire of Dartmouth House under contract to Leith's, a subsidiary of the Compass Group. Operating costs include an allocation of ESU employee costs and management expenses.

	2011	2010
	£	£
Turnover	249,270	257,248
Cost of sales	(5,987)	(6,673)
Gross profit	243,283	250,575
Operating costs	(194,507)	(171,389)
Net profit	48,776	79,186
Gift aid payment to ESU	(48,776)	(79,186)
	-	-
Summary of assets and liabilities are as follows:		
Assets	49,048	60,025
Liabilities	(46,397)	(57,374)
Net Assets	2,651	2,651

	ESU Group	
	2011	2010
	£	£
3 SCHOLARSHIPS AND OTHER EDUCATIONAL PROGRAMMES		
Direct cost of programmes	993,785	813,386
Programme administration and support:		
Cultural Affairs dept	76,179	73,733
Education dept	254,548	221,000
Speech and Debate dept	238,479	177,140
Library	47,261	48,117
	1,610,252	1,333,376
4 MEMBERSHIP AND BRANCHES		
Publications	102,005	146,197
Branch support and development	115,866	95,030
Membership dept	165,096	141,602
	382,967	382,829
5 GOVERNANCE COSTS		
Director-General's office	49,426	32,364
Finance and Operations	113,964	36,919
	163,390	69,283

Fees payable to the Auditors for 2011 were £25,000 (2010: £24,700). Governance costs include Directors' time concerned with the strategic planning processes of the charity that contribute to the development of the charity, legal and professional fees.

	ESU Group	
	2011	2010
	£	£
6 TOTAL RESOURCES EXPENDED		
Total resources expended analysed by type of expenditure:		
Direct costs of:		
Scholarships and educational programmes	512,214	433,622
Fundraising events	258,091	258,170
Educational facilities and placements (see note 6a)	806,000	815,000
Operating costs:		
Governors' and meetings expenses	19,672	13,620
Staff costs (see note 7)	1,046,209	874,134
Legal and professional fees	148,669	57,557
Other office expenditure	181,792	137,169
Trading subsidiary costs (excluding staff costs)	106,897	94,047
Utilities and property costs (including building repairs)	182,192	188,497
	3,261,736	2,871,816

Included within resources expended are grants paid, including benefits in kind, to individuals of £957,329, which have been allocated to the appropriate activity. See Trustees' Report for a breakdown of grants paid.

6A PRIOR YEAR ADJUSTMENT

Educational facilities and placements:

Tuition fees waived:		
Secondary School Exchange	757,000	770,000
Capitol Hill internship	30,500	30,500
Other services provided	18,500	14,500
Total	806,000	815,000

The educational facilities and placements were received as a benefit in kind, and as such they are included as both income and expenditure. This benefit in kind was not recognised in the 2010 financial statements and accordingly the comparative figures have been revised to recognise the comparable amounts as a prior year adjustment. This adjustment has increased both recognised income and expenditure, but has no effect or change to the previously reported net movements on funds or to the assets of the charity.

ESU Group	
2011	2010
£	£

7 STAFF REMUNERATION AND NUMBERS

All staff are employed jointly by the ESU and Dartmouth House Ltd. The cost of their employment is therefore charged to the two organisations based on an assessment of the amount of time devoted to them:

Salaries	942,105	782,193
Employers' NIC	81,595	67,393
Employers' pension contributions	22,509	24,548
Total remuneration	1,046,209	874,134

One employee earned more than £60,000 pa (2010: none).

Number of employees

Average full-time staff numbers

Charitable activities	23	23
Income generation	1	1
Governance and finance	5	5
	29	29

8 GOVERNORS' EXPENSES

During the year reimbursement of travelling and general expenses were incurred as follows:

Incurred directly and reimbursed to 8 Governors (2010: 9)	3,988	6,517
Paid on behalf of 1 Governor (2010: 1)	1,205	3,142
	5,193	9,659

No remuneration was paid to the Governors (2010: £ Nil)

9 FIXED ASSETS

	Freehold Property	Computer equipment	Fixtures & fittings	Branch assets	Total
	£	£	£	£	£
a Tangible fixed assets (all for charity use)					
Cost or valuation					
at 31 March 2010	8,000,000	176,581	71,756	1,635	8,249,972
Disposals	-	(88,983)	-	-	(88,983)
Cost adjustment - assets still in use	-	(10,571)	41,799	-	31,228
Additions	-	34,522	1,875	-	36,397
at 31 March 2011	<u>8,000,000</u>	<u>111,549</u>	<u>115,430</u>	<u>1,635</u>	<u>8,228,614</u>
Depreciation					
at 31 March 2010	-	125,326	67,126	1,634	194,086
Depreciation on disposals	-	(88,983)	-	-	(88,983)
Depreciation adjustment - assets still in use	-	-	31,842	-	31,842
Charged in the year	-	24,586	4,620	-	29,206
at 31 March 2011	<u>-</u>	<u>60,929</u>	<u>103,588</u>	<u>1,634</u>	<u>166,151</u>
Net book value at 31 March 2011	<u>8,000,000</u>	<u>50,620</u>	<u>11,842</u>	<u>1</u>	<u>8,062,463</u>
At 31 March 2010	<u>8,000,000</u>	<u>51,255</u>	<u>4,630</u>	<u>1</u>	<u>8,055,886</u>

b Freehold property

The ESU holds freehold in both The Chesterfield Hotel, 35 Charles Street, London and Dartmouth House (including Clarges Mews), 37 Charles Street, London. Two leases have been granted to The Chesterfield Hotel by which they operate the Hotel. The freehold interest, subject to the two leases, has been valued to Market Value by Cushman & Wakefield Hospitality in the sum of £18,200,000, as at 31 March 2010. The freehold interest, occupied by the ESU for its own use, has been valued to Existing Use Value by Cushman & Wakefield Hospitality in the sum of £8,000,000 as at 31 March 2010. The Governors are not aware of any material change in the valuation since the date of valuation.

	ESU and ESU Group	
	2011	2010
	£	£
Fixed assets for charity use	8,000,000	8,000,000
Investment properties (leased to The Chesterfield Hotel)	<u>18,200,000</u>	<u>18,200,000</u>
	<u>26,200,000</u>	<u>26,200,000</u>
Historical cost	1,328,045	1,328,045
Unrealised gain	<u>24,871,955</u>	<u>24,871,955</u>

	ESU and ESU Group	
	2011	2010
	£	£
10 INVESTMENTS		
Share portfolio		
Market value at 31 March 2010	2,272,012	1,437,017
Acquisitions at cost	391,087	600,008
Disposal proceeds	(270,502)	(150,513)
Movement in cash held	(120,585)	-
Investment managers' fee	(14,218)	(13,916)
Withdrawals: Distribution adjustment	(4,938)	-
Unrealised and realised gains	148,396	399,416
Market value at 31 March 2011	2,401,252	2,272,012
The Chesterfield Hotel		
Market value at 31 March 2010	18,200,000	11,500,000
Unrealised gains on revaluation of The Chesterfield Hotel	-	6,700,000
Market value at 31 March 2011	18,200,000	18,200,000
Market value of all investments at 31 March 2011	20,601,252	20,472,012
Made up of:		
Investment properties (as above)	18,200,000	18,200,000
Pooled share portfolio:		
Unit Trusts	2,380,438	2,117,370
Cash held as part of the share portfolio	-	133,828
Branch investments	20,814	20,814
Investments	20,601,252	20,472,012
Material investments		
At 31 March 2011, the portfolio held 2 holdings greater than 8% (2010:3) of the pooled investment portfolio by value:		
2,488,914 units Alpha CIF for Endowments	1,999,096	1,482,082
1,175 units Sarasin EmergingSar Fund	268,235	245,170
183,700 units Sarasin EquiSar IIID Fund	-	211,622
340,859 units Sarasin GlobalSar IIID Fund	-	-
Historical cost at 31 March 2011		
Investment properties	1,014,326	1,014,326
Pooled investment portfolio:		
Unit Trusts	2,232,780	2,129,454
Branch investments	20,814	20,814
	3,267,920	3,164,594

THE ENGLISH-SPEAKING UNION OF THE COMMONWEALTH
REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	ESU Group		ESU Charity	
	2011	2010	2011	2010
	£	£	£	£
11 DEBTORS				
Sundry debtors	123,741	181,167	81,403	93,063
Amounts owed by the (ESU) International Council	1,248	471	1,248	471
Amounts owed by Dartmouth House Ltd	31,484	-	31,484	29,917
Prepayments and accrued income	19,874	21,086	19,874	21,086
	176,347	202,724	134,009	144,537

The ESU has been notified of legacies totalling c£21,500 but these legacies did not meet the criteria of entitlement and have not therefore been included in these accounts.

The International Council of the ESU is an umbrella organisation for the English-Speaking Unions worldwide. As part of its provision of secretariat and administration for the Council, the ESU receives income and makes payments on its behalf and manages its funds.

12 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)				
Sundry creditors	348,399	272,681	302,002	205,860
Unexpired subscriptions	46,785	55,782	46,785	55,782
Deferred income	235,028	238,960	235,028	238,960
	630,212	567,423	583,815	500,602

13 CONNECTED PARTIES

RS Associates provided £Nil (2010: £3,990) of architectural services in connection with Dartmouth House of which there is a £Nil year end balance. Mr Graham Mitchell is a partner of RS Associates and is married to Mrs Valerie Mitchell who was Director-General of the ESU until her retirement on 17 July 2009.

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	ESU Group Restricted funds	Total
	£	£	£
Fund balances at 31 March 2011 are represented by:			
Tangible fixed assets (inc. Dartmouth House)	8,062,463	-	8,062,463
Investment property (Chesterfield Hotel)	18,200,000	-	18,200,000
Other investments	1,286,835	1,114,417	2,401,252
Net current assets	123,814	53,649	177,463
Total net assets	27,673,112	1,168,066	28,841,178

15 STATEMENT OF FUNDS

ESU Group					
Movement in the 12 months					
	Balance at 31 March 2010	Incoming resources	Expenditure	Revaluation gains/ (losses)	Balance at 31 March 2011
	£	£	£	£	£
Restricted Reserves					
Endowments					
Permanent endowment funds	132,840	-	-	8,757	141,597
Expendable endowment funds	576,859	-	-	38,023	614,882
	709,699	-	-	46,780	756,479
Branch funds	80,663	11,282	(580)	2,909	94,274
Restricted funds	301,426	125,988	(118,607)	8,506	317,313
Total Restricted Reserves	1,091,788	137,270	(119,187)	58,195	1,168,066
Unrestricted Reserves					
Designated funds	658,561	14,918	(13,700)	33,575	693,354
Branch funds	85,846	222,016	(271,724)	-	36,138
Trading funds	2,651	-	-	-	2,651
General funds	27,131,642	1,803,826	(2,051,125)	56,626	26,940,969
Total Unrestricted Reserves	27,878,700	2,040,760	(2,336,549)	90,201	27,673,112
Total Reserves	28,970,488	2,178,030	(2,455,736)	148,396	28,841,178

- Permanent endowments comprise 4 funds with individual balances less than £50,000, 3 funds being held for education scholarships and 1 fund held for music scholarships.
- Expendable endowments comprise 3 funds: 1 fund in excess of £500,000 being held for education scholarships, 1 less than £100,000, and 1 less than £50,000 being held for the clergy and book binding scholarships respectively.
- Restricted funds comprise 20 funds: 2 funds less than £50,000 - 1 fund being held for USA scientific research programmes and 1 fund being held for music scholarships, together with 18 funds with individual balances less than £30,000.
- Designated funds comprise, 1 fund in excess of £500,000 and 1 in excess of £100,000, being held for educational programmes and building maintenance respectively.

£Nil (2010: £84,256) was transferred from Restricted Funds to Unrestricted Funds on the Statement of Financial Activity to reflect the correct representation of assets on the Balance Sheet.

APPENDIX

More detailed descriptions of each programme are available online at www.esu.org

Secondary School Exchange

A gap year programme to spend a school year or two terms at a North American high school. US students spend a year at a UK boarding school.

Walter Hines Page scholarship

A professional development tour in the US for teachers from the UK often hosted by ESU USA branches.

Chautauqua, Bell Tower Scholarship

A professional development summer course for a teacher from the UK at the Chautauqua Institution in New York state, USA.

Lindemann Trust Fellowship

A fellowship given to post-doctoral scientists spending a year at an American university or research institution.

American Memorial Chapel Travel Grant

A professional development in the USA for members of the clergy from the UK.

Music scholarships

Scholarships to music institutions in USA, UK and France. A list of courses can be found at www.esu.org/music

Chilton Art History scholarship

A scholar studying at Christie's is awarded funding raised by the Chilton Art History events throughout the year.

Globe Cultural Seminar

A week-long seminar with Shakespeare's Globe at Bankside for non-native English-speaking teachers.

Shakespeare Study Course in Stratford-upon-Avon

A week-long seminar with Shakespeare Birthplace Trust in Stratford. For 2010 it was aimed at international teachers. For 2011 this was amended to British and American teachers.

English in Action

A volunteer programme matching non-native English-speakers with volunteers to improve their conversation skills.

English in Action in Schools

A volunteer programme in primary schools to develop language skills with children for whom English is a second language.

Experience English

A volunteer programme in partnership with the Helen Bamber Foundation, pairing volunteers with refugees to improve their experience of speaking English.

ESU Duke of Edinburgh English Language Book Award

An annual award for English language teaching books, focusing on originality, design and practical use.

ESU Duke of Edinburgh President's Award

An annual award for English language teaching resources, focusing on original and innovative uses of technology. Previous winners have been CD-ROMs, websites and interactive online courses.

Marsh Biography Award

A biennial award (odd numbered years) for biographies written by an author in the UK from the past two years. Administered on behalf of the Marsh Christian Trust.

Marsh Award for Children's Literature in Translation

A biennial award (even numbered years) for children's books translated into English. Administered on behalf of the Marsh Christian Trust.

Delegations

Staff and mentors chosen by application and interview for the specific delegation travel to the destination country to deliver Discover Your Voice training and support in expanding ESU programmes. The delegations always

include: Development meetings with the International ESU committee, FCO, British Council and other partners, Sponsorship meetings, Discover Your Voice training for students, teachers and mentors.

International Relations Conference

A week-long conference in Oxford for young international people involved with international relations.

Discover Your Voice

A paid-for teaching programme booked directly by schools, local authorities or through ESU branches. ESU-trained mentors work with students for a day or half-day, teaching debating or public speaking.

DYV CPD (Continuing Professional Development)

The teacher-training element of DYV which is offered during teaching days but also as a separate offering.

London Debate Challenge

A free-to-enter debating competition for state schools in London.

Debate Academy

Residential debate training course for 14-18 year olds run during the UK schools summer holiday.

John Smith Memorial Mace

A national annual debating championship for university students.

ESU-Essex Court Chambers National Mooting Competition

A national annual competition for university law departments in the specialised form of legal debate, which simulates the UK Court of Appeal.

ESU Schools Mace

A national annual debating competition for schools.

ESU Public Speaking Competition for Schools

A national annual competition for teams of three from English and Welsh secondary schools.

Great Debates

A series of one-off workshop days where teams of school-age students have a series of debates about a particular theme, i.e. Tudor history, the environment etc. Run in conjunction with a partner organisation specialising in that field.

Debating for Doctors

A partnership programme with Say It where the ESU helps to set up and run debating competitions for junior doctors around the UK.

International Discover Your Voice (IDYV)

A new handbook with a prospective publication date in 2012 designed for non-UK teachers to use to teach debate and public speaking.

Capitol Hill Internship Programme

An exchange programme for university students to intern in the office of a US Senator or Congressman for 6-8 weeks during the summer.

Assemblée Nationale Internship Programme

An exchange programme for a university students to intern at parliament in Paris and a French student interns in at parliament in Westminster in return.

England World Schools Debating Championship team

The ESU selects and trains a group of school-age students to represent England at the annual World Schools Debating Championship.