

CHARITY NUMBER: 273136

ROYAL CHARTER REGISTRATION NUMBER: RC000177

# THE ENGLISH-SPEAKING UNION OF THE COMMONWEALTH REPORT AND ACCOUNTS TO 31 MARCH 2020



**ENGLISH-SPEAKING UNION**  
*discovering voices*

## GOVERNANCE

### Name and Registered Office of the Charity

The full name of the Charity is The English-Speaking Union of the Commonwealth.

The 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.

### Structure and Objectives

The English-Speaking Union (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 this remains its governing document. Those objectives are:

... to promote within the 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.

We outline below the approaches we use to meet these aims.

There is a worldwide network of some 54 national English-Speaking Unions, each of which is independent from the English-Speaking Union of the Commonwealth (England and Wales) and operates according to its own jurisdiction. Coordination of international activity is spearheaded from the headquarters in Dartmouth House through the International Council, for which the ESU provides the secretariat, a development framework and core funding.

In addition, the ESU has 28 local branches across England and Wales, which host and coordinate a range of activities, enabling the Charity to reach more young people regionally.

## **Public Benefit**

Our educational work in schools with teachers, children and young people focuses on speech and debate programmes, competitions and cultural exchanges. We continue to focus our charitable resources on oracy (speaking and listening) in state schools in disadvantaged areas, introducing a wide range of young people of all ages, backgrounds and abilities to public speaking and debate. We teach confident communication and critical thinking skills to help empower young citizens to engage with the world and key issues, and to feel confident in expressing their opinions. We show them the benefits of listening to the opinions of others, even when those views are at odds with their own. We teach young people how to make up their own minds, thereby giving them the power to formulate and express their opinions and avoid being ignored.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit. The ESU's charitable purpose is enshrined in its object 'to advance education'.

## **Summary of Achievements and Performance**

The ESU was formed in the belief that more effective communication between nations would lead to improved global understanding and lasting peace - a movement so inspirational that a transatlantic fundraising campaign back in the 1920s enabled the purchase of the ESU International Headquarters at Dartmouth House in Mayfair. To this day, the property assets of the Charity produce income to cover administrative costs, so that all fundraising goes directly to the educational outreach of the Charity.

Sir Evelyn Wrench set up the English-Speaking Union in 1918 to promote better communication between people of all cultures and countries. We celebrated our centenary year in 2018, and now look forward to the next 100 years, working with those who need our help the most to change their lives and communities for the better.

Today, communities are increasingly multicultural, and society is more polarised. There has never been a greater need to understand different perspectives and opinions both within the UK and across the world. We all need to listen to and evaluate other points of view; to evaluate false arguments and distinguish fake news from real. We need to disagree without being disagreeable. The ESU teaches these skills. The need to develop confident communicators, critical thinkers and empowered citizens able to thrive in our ever-changing world has never been more important.

The ESU continues to deliver its programmes and competitions through a strong and diverse branch network with a committed group of mentors, judges and volunteers, and drawing on an extensive alumni network.

## Making a Difference: The English-Speaking Union's Impact

In 2019, the ESU trustees drew on independent national research to address four specific areas of educational need and invested in programmes to meet those requirements.

**Disadvantaged children** are 2.3 times more likely to be identified as having speech, language and communication needs than those in more affluent areas.  
(The Communication Trust)



Discover Debating programmes aimed at schools with over 20% of students with free school meals or English as an additional language (page 6).

**Young people who cannot express themselves** verbally may suffer from behavioural problems, emotional and psychological difficulties and, in some cases, may descend into criminality.  
(Owen)



The ESU directly improved the oracy skills of over 10,000 children in England and Wales (page 5).

**High quality spoken dialogue in primary classrooms** can significantly improve children's educational attainment from improving SATs results in maths and science to improving reading writing and reasoning skills  
(The Communication Trust)



The ESU worked with over 4,000 primary school children to improve their speaking and listening skills.

97% of teachers 94% of employers and 88% of young people believe that **life skills such as confidence, motivation, resilience and communication** are as important, or more important than, academic qualifications  
(The Sutton Trust)



ESU programmes and competitions build teamwork, leadership, resilience, and cognitive and communication skills.

ESU competitions and the ESU's educational programmes make an enormous impact on young people. In 2019-20, the three national schools' competitions - ESU-Churchill Public Speaking competition, Schools' Mace debating competition and Performing Shakespeare competition - benefitted a record number of participants from state schools. These schools come from areas where active ESU branches fully engage in the ESU's educational programmes. The Performing Shakespeare competition (Years 7-9; ages 11-14) continues to grow as it supports the English Key Stage 3 curriculum, and develops confidence, creativity and self-expression.

## Key Statistics

*In this Annual Report 2019-20, the financial data is for the year to 31<sup>st</sup> March 2020. We measure our educational impact over the academic year to 31<sup>st</sup> August 2020. This year, sadly, all programmes were halted by the COVID-19 restrictions in mid-March 2020. By comparison, the 2018-19 the impact figures include activities held in the full academic year to 31<sup>st</sup> August 2019.*

	2019-20	2018-19
<b>Discover Debating programme (serving disadvantaged communities)</b> Direct delivery to Key Stage 2 pupils aged 9-11 CPD training for teachers	1,050 children in 31 schools + 57 in 11 regional sessions	1,968 children in 82 schools
<b>Discover Your Voice workshops</b>	839 students and 101 teachers in 35 schools	2,832 students in 50 schools
<b>Schools' Mace Debating Competition</b>	903 students from 301 schools	532 students from 266 schools
<b>ESU-Churchill Public Speaking Competition</b>	1,242 students from 272 schools	1, 274 students from 267 schools
<b>Performing Shakespeare competition</b>	2,149 students from 108 schools	640 students from 73 schools
<b>Branch-led competitions and workshops</b> ESU activities in Colchester, Ouse Valley and South Wales for primary and secondary school students	2,493 primary and secondary school students took part	2,265 primary and secondary school students took part
<b>House of Lords 'talking days' &amp; Lords Chamber Debate</b>	10 regional sessions, 107 student beneficiaries	8 regional sessions, including 1 chamber debate
<b>Debate Academy (a week-long residential summer camp)</b>	Cancelled due to COVID-19	126 students attended, 32% from low-income families and on bursaries
<b>International Public Speaking Competition (London-hosted)</b> National competitions across the globe, with the final in London	1 million+ participants, from 52 countries. Final cancelled due to COVID-19.	1 million+ participants, from 51 countries.
<b>International Debate Tours</b> young people trained by ESU debate coaches	c. 800 young people in the USA. Tours post-March 2020 delayed by COVID-19	c.1,000 young people in Denmark, Japan and the USA

## Teaching Programmes

*Due to COVID-19, the ESU was forced to suspend face-to-face programme delivery between March and August 2020.*

Discover Your Voice (DYV) workshops continue to be a popular way of introducing young people to the art of debating and public speaking. This year, we have delivered DYV workshops to teachers and students in 35 (2018-19: 50) schools across England and Wales. The four main oracy skill sets of Reasoning & Evidence, Listening & Response, Organisation & Prioritisation and Expression & Delivery are taught in the morning and put into practice in the afternoon through taking part in a classroom debate. A focus on Continuing Professional Development (CPD), working intensively with 101 teachers, supported the strategic aim of equipping teachers for sustainable oracy provision in schools.

Discover Debating programme for primary school students ran in 31 new schools, adding to the 82 schools active in 2018-19. The Discover Debating programme meets 80% of national curriculum targets in spoken language and reading and writing comprehension and contains CPD for teachers, as well as classroom resources designed to leave a sustainable legacy of debate in each participating school. 1050 students and 57 teachers in schools with high levels of free school meals and English as an additional language, benefitted from the programme.

Debate Academy is the ESU's residential summer debate training programme for 14 to 18-year olds. The programme benefitted 126 students in 2019, with one third funded by ESU bursaries, but sadly the COVID-19 outbreak led to the cancellation of Debate Academy in 2020.

### **Competitions**

Competition remains a key element of many ESU activities, enabling students to work together with others from different backgrounds and providing the prestige to heighten interest in speech and debate and the subjects tackled. Our national competitions continued to be significant. ESU branch members provide volunteer support at a regional level by organising the local heats of our UK Public Speaking competition and the regional finals of our Performing Shakespeare competition. 2,253 young people benefitted from the local and regional heats, although the finals had to be postponed.

### **International**

The International Public Speaking Competition (IPSC) offers participants a chance to experience a true meeting of minds and the opportunity to take part in valuable cultural exchange. We estimate at least one million young people around the world took part in national public speaking competitions between September 2019 and March 2020, although the final event in London had to be cancelled.

The Secondary School Exchange programme has been in existence since 1928 enabling young people to spend a transformational gap year in a private high school in the USA or in the UK. It provides a rich cultural experience, where scholars benefit from a new appreciation of different perspectives and increase their confidence. In 2019-20, 15 scholars took up places in 11 schools across the USA, with 40% receiving travel bursaries. Sadly, this year's SSE placements were all cut short through COVID-19.

### **Scholarships, Bursaries and Awards**

The diverse portfolio of scholarships, enabled by historic restricted funds, continued to support the work of researchers and scholars from the domains of teaching, librarianship, the clergy, music, art history and the physical sciences. The two teacher scholarships in 2019-20 were both focused on research into oracy development. The provision of bursaries

across all programmes ensures access based on merit. The US-based Lindemann scholarships for UK post-doctoral students have been extended from 12 to 24 months to maximise research impact, and the returning scholars run science engagement seminars for schools benefitting up to 300 students annually.

### **Strategic Partnerships**

Cooperation and collaboration are two of the ESU's founding principles. We have continued to build on our existing partnerships as well as forging new ties with organisations that share our aims and vision. Strategic partnerships allow us to work alongside like-minded organisations and educational bodies to reach a more diverse audience and to advocate for the benefits oracy interventions in schools.

The ESU works in partnership with *The Week Junior*, the award-winning current affairs magazine for children aged 8-14, to create 'The Big Debate' page, looking at topical and controversial issues such as 'celebrities as role models', 'making voting compulsory' and 'banning vehicles from city centres'. All topics are designed to develop informed views about civil society, and remain an accessible resource while schools are closed.

Valued partnerships include The Communication Trust, the Fair Education Alliance, Voice 21, the House of Lords, the John Smith Trust, the Black Lawyers Directory, the Queen's Foundation, the Chartered College of Teaching, NASUWT, Mighty Oak Public Speaking, Sotheby's Institute of Art, NACE and the ARK Schools network. A funding partnership with the International Churchill Society supports the ESU-Churchill Public Speaking competition.

### **The Oracy Network**

Established in November 2016, the Oracy Network brings together charities, schools and agencies dedicated to promoting oracy education. The Network is overseen by the English-Speaking Union and Voice 21. The Network has some high-profile supporters in education and academia, and it supported the 2018 launch of the Oracy All-Party Parliamentary Group. In 2019-20 the Oracy APPG committed to 'helping every child to be a confident communicator and find their voice in order to succeed in school and life beyond'. The ESU was a major contributor to the 'Speak for Change' Inquiry. The ESU continues to advocate for oracy to be the third pillar of the school curriculum alongside literacy and numeracy.

### **Membership**

The ESU's c. 5,000 members are the lifeblood of the organisation, supporting charitable activities across the country through charitable educational work and through their support of school and community engagement, and fundraising. We acknowledge with gratitude their continuing commitment to oracy development and speaking and listening skills, in some of the most deprived areas of the UK. We are proud to record in excess of

3,000 volunteer hours in 2019-20 dedicated to the ESU's educational work.

### **Local Branches**

28 ESU branches across England and Wales host and coordinate a range of activities, from cultural and social activities to schools-based oracy workshops, all designed to raise awareness and funds for the ESU's educational work. Branches also assist with the running core educational programmes in their local area, such as Public Speaking and Performing Shakespeare competitions and Discover Your Voice workshops; this enables us to reach even more young people regionally. As COVID-19 hit, the branch mobilised locally in support of its many older members, with regular communication, friendship and practical assistance. More details of the educational work can be found on the ESU website. Branch Committee work and events organisation accounts for a further 2,000 volunteer hours.

ESU branches in Colchester, Ouse Valley, Lincolnshire and South Wales run public speaking and debating programmes and competitions for primary school pupils, with in-school oracy workshops in support. These events are primarily organised and staffed by volunteers.

The Board would like to put on record its enormous appreciation to all ESU volunteers, branches and supporters, without whom much of this work would simply not be possible.

### **Communications**

The ESU advocates for oracy education, internationalism, and member-based volunteering, and provides accessible content for teachers, young people, members and supporters through a content-rich website ([www.esu.org](http://www.esu.org)) and a twice-yearly publication, 'Dialogue'.

We currently have approximately 20,000 followers on Facebook and Twitter. Having migrated to new membership and finance software in 2018-19, the IT focus in 2019-20 was on fundraising and stakeholder engagement. The three-year investment in cloud-based systems has proved invaluable for homeworking, business continuity and for enhanced access to online teaching materials during the COVID-19 lockdown.

### **Management and Governance**

The ESU is governed by a Board of Governors, who are the individual Trustees of the Charity. Each Trustee is required to be a member of the ESU. Honorary officers and elected Governors are elected by members of the Union for a period of three years, when they are eligible for re-election for a further term of three years. There are currently 16 Trustees serving on the Board.

The Board is assisted in its work by six committees: Audit & Risk (ARC); Education; Ethics;



Finance & Operations (FOC), into which reports the Property Group and the Technology Advisory Group; Nominations & Remuneration; and a separate trading subsidiary, ESU Trading Ltd. A Development Committee, as a subset of the Board, leads on fundraising. The committees generally have a mix of Trustees and experienced independent advisers.

### **Safeguarding**

There is no higher priority for the ESU than the safeguarding of all children participating in its programmes, in the classroom and outside it. The Board has a strong emphasis on protection of vulnerable individuals, and reviews process and procedures consistently. The safeguarding policy is available on request.

### **Pay Policy for Senior Staff**

The executive pay policy is set by the Nominations & Remuneration Committee (NRC) and approved by the full Board. The NRC sets the remuneration for senior management personnel (Director-General and specialist Directors in Finance & Operations, Education and Fundraising) referencing benchmarked data for similar roles in similarly sized international charities in the sector. Further details are given in note 5 to the accounts.

## **Future Plans**

The Trustees have committed to the 2018-22 strategic plan for the future development of the ESU, notably in educational advancement and enrichment. Under the guidance of the newly elected Chair, Professor James Raven, the strategic planning process will be reviewed. The ESU seeks to broaden the geographical impact and accessibility of all its programmes, especially for young people in low-income communities.

Investment in digital education resources remains a priority, and we plan to further develop our web-based teaching capability. COVID-19 has forced a greater reliance on remote delivery, and the scale of operation in 2020-21 will depend on recovery of the ESU's funding base. The ESU continues to build public profile and outreach, supported by alumni, key individuals, trusts and corporate partners who share our vision. All stakeholders are included in such developments.

## **Plans for Dartmouth House**

Dartmouth House, the international headquarters of the English-Speaking Union has been in the ESU's occupation since 1922, when debentures were raised by the ESU members to help purchase the property. For many years, it has been a venue for bringing people together: a place for charity beneficiaries to debate and share ideas, and where the ESU England and Wales, and International ESU communities can come together to support and fundraise for the Charity.

The hire of the house for private events is the second largest revenue stream for the Charity. Given the impact of COVID-19 on all hospitality business, the Board will need to assess the continuing risk of dependence on hotel rental and conferences/events as its main income sources.

The ESU is developing a long-term property strategy in partnership with professional advisers to ensure that property assets meet the charity's needs in the long-term.

## PATRON AND PRESIDENTS

### Patron

Her Majesty The Queen

### President

HRH The Princess Royal KG KT GCVO

### Vice-Presidents

The Lord Watson of Richmond CBE

Mr Guy Weston

## BOARD OF GOVERNORS (TRUSTEES OF THE CHARITY)

### Honorary Officers (ex officio Trustees of the Charity)

Chairman	The Rt Hon The Lord Boateng (to 10 December 2019) Professor James Raven (Acting from 10 December 2019, confirmed as Chair 29 April 2020)
Deputy Chairmen	Derek Morgan OBE Dr Tony Wood
Honorary Treasurer	Roderick Chamberlain (to 10 December 2019) Vacant

### Governors

The following served as Governors during the year:

Roderick Chamberlain	Bilal Mahmood (from 10 <sup>th</sup> December 2019)
Matthew Congreve (from 10 <sup>th</sup> December 2019)	Ellen Punter (to 10 <sup>th</sup> December 2019)
Gillian Day (from 10 <sup>th</sup> December 2019)	James Probert (from 10 <sup>th</sup> December 2019)
Barbara Firth	Professor James Raven
Emma Gleave (from 10 <sup>th</sup> December 2019)	James Scruby
Andrew Hay (to 10 <sup>th</sup> December 2019)	David Shaw OBE
Alice Heard (to 10 <sup>th</sup> December 2019)	Jonathan Sobczyk Boddington
Lady Susan Inkin	Anikka Weerasinghe
Alex Just	

The record of attendance at Board and Committee meetings is maintained by the Company Secretary and is available for review.

## **SENIOR EXECUTIVES**

### **Director-General**

Jane Easton

### **Directors**

Tim Morris, Director of Finance

Duncan Partridge, Director of Education (to 31<sup>st</sup> May 2019)

Juliette Young, Director of Engagement and Development (to 31<sup>st</sup> March 2020)

### **Charity Secretary**

Jane Easton

## **PROFESSIONAL ADVISERS**

### **Auditors**

Moore Kingston Smith LLP

Devonshire House

60 Goswell Road

London EC1M 7AD

### **Bankers**

Coutts & Co

440 The Strand

London WC2R 0QS

### **Solicitors**

Russell-Cooke

2 Putney Hill

London SW15 6AB

### **Investment Managers**

Sarasin & Partners LLP

100 St Paul's Churchyard

London WC4M 8BU

### **Property Advisers**

CBRE

Henrietta House, Henrietta Place

London W1G 0NB

## SUMMARY OF FINANCIAL RESOURCES

The results of the ESU Group are set out in the Consolidated Statement of Financial Activities (SoFA) on page 20.

The figures consolidate the results of the trading subsidiary, ESU Trading Ltd.

### Income and Expenditure

The effects of the corona virus are seen in the numbers for this year ending 31<sup>st</sup> March 2020, and we expect further diminution next year.

In financial terms, the charity has had a stronger year this year than last. Cash flows were positive (+£111k), and unrestricted reserves have been replenished (general reserves +£513k). Performance throughout the year adhered closely to the budget set by the trustees at the start of the year. Stronger financial controls have been evident across all aspects of the charity, notably in a significantly reduced cost base. Overall, expenditure fell by £1,295k, and the charity ended the year on a firmer footing, with unrestricted reserves, including designated reserves, of £1,732k (2018/9: £1,598k). The stronger reserves have enabled us to face the challenges resulting from COVID-19 from March 2020 onwards and will continue to do so in the coming months.

In the year to 31<sup>st</sup> March 2020, net incoming resources were £3,059k (2018/19: £3,516k), an decrease of -13% or -£457k. Total income by source for the ESU Group, including comparisons with the previous year, is set out in note 2 to the accounting statements.

We rely heavily on rental income from the Chesterfield Hotel, the investment property we own next door to Dartmouth House. Together with Dartmouth House catering income earned through ESU Trading Ltd, our trading subsidiary, these two contribute the majority of our income and together brought in £1,888k (2018/19: £1,790k). The Chesterfield Hotel closed its doors to guests in March 2020, awaiting the passing of the pandemic and this has had knock-on effects on our rental income. Likewise, Dartmouth House itself was closed on 18<sup>th</sup> March 2020, with the loss of all catering and events income.

We classify rental income from the Chesterfield Hotel in investment income this year and have adjusted the presentation of the 2018-9 revenue to reflect this as investment income rather than trading income.

We continue to find the voluntary fundraising environment challenging. In the year to 31<sup>st</sup> March 2020, donations and legacies increased by £5k to £113k (+5%). We continue to believe that oracy offers a significant life change for young people, yet we struggle to

attract support for our important programmes in disadvantaged areas.

We believe that oracy is fundamental to equipping young people to make the most of their talents and opportunities. This is particularly important for those in disadvantaged areas. Significant work remains to highlight this as an important and impactful area of educational philanthropy. We are making progress with this message but recognize that the charitable giving will be affected by COVID-19.

Our share portfolio is managed on a discretionary basis by Sarasin & Partners LLP, whose performance is scrutinised quarterly by the Finance & Operations Committee. At the year-end, this portfolio was valued at £1,596k (31/03/2019: £1,679k). This reflects changes in the overall market value, clearly affected by the COVID-19 pandemic. There were no significant acquisitions or disposals during the year.

The ESU consolidated charity and subsidiary reports expenditure of £3,059k this year a significant decrease on the prior year (2017/18: £4,354k). The reduction of overall spending of £1,295k by the charity is a combination of several factors. A significant cost reduction programme was undertaken at the beginning of the year, as it was clear that previous levels of overhead were unsustainable. We reduced headcount by c. 10 FTE's at the start of the year. Consequently, the charity was able to do less direct educational work than before.

The organisation has worked hard to re-position itself through digital transformation, especially cloud-based applications, and some of the benefits of this transition over past years have been critical to our operational and educational activities in recent months.

## **Funds & Reserves**

Total funds for the ESU at 31<sup>st</sup> March 2020 are £40,847k (31/03/2019: £41,016k).

The ESU owns an investment property (the Chesterfield Hotel) and Dartmouth House, the international headquarters of the ESU. Both are subject to open-market price fluctuations. The properties' values are recorded as designated funds and are not relied upon for the day-to-day running of the Charity. These long-term assets generate much of the income upon which the ESU relies to deliver its charitable work.

Reserves are required to provide for short-term fluctuations in income and expenditure.

The Board's policy is to maintain free reserves (currently held as near cash investments), sufficient to cover overheads for 6 months. The ESU is operating in accordance with this policy.

Reserves at 31 March 2020 (£'000's)

	31 March 2020	31 March 2019 (restated)
The total value of funds held	40,847	41,016
<b>Less:</b>		
Restricted funds (purpose of use defined by the donor)	1,050	1,252
Designated funds for freehold and investment property	38,065	38,166
Designated charitable funds (Joyce Rolf Legacy)	211	590
<b>Total free reserves</b>	<b>1,521</b>	<b>1,008</b>

Given the possible fluctuation in investment values and the volatility of voluntary fundraising, the Board has designated the Joyce Rolf Legacy fund for scholarships and educational programmes.

As far as possible, the Charity strives to use income from our historical asset base to cover core costs so that donations raised can be used wherever possible for front-line charitable activities.

### Risk Management

The Board has identified the major risks to which the ESU is exposed and agreed policies and procedures to mitigate them. The Audit and Risk Committee oversees the process for registering, reviewing and mitigating all categories of risk. A Risk Register is maintained and reviewed regularly.

As with any educational charity, issues of safeguarding have the highest priority. Significant work strengthening our controls in this area was undertaken in the year. A dedicated Board post is assigned to oversee this responsibility and nominated members of the executive team to implement. There were no reported incidents in 2019-20.

Financial risk is an important area of concern. The primary sources of funds to manage cash flow, and therefore the most significant areas of financial risk, are:

- The loss of income from the Chesterfield Hotel (approximately 50% of total income) for any reason would be material. To mitigate, Trustees monitor the relationship with the tenant and require that the property be well maintained.
- Income from investments is necessarily subject to market risks. The investment mandate is to protect the capital and provide an annual income. The portfolio is managed by Sarasin & Partners LLP, whose performance is scrutinised closely.

- Commission income from catering depends on demand from the membership as well as externally, and on maintaining Dartmouth House in a good condition.
- Voluntary income arising from donations, grants and legacies varies from year to year and cannot be relied upon. Voluntary income is almost exclusively used to fund our charitable activities, which we seek, wherever possible, to fund in advance. When this is not practical, or when an activity makes a loss, any shortfall is made up from our unrestricted reserves. We continue to monitor the cost and benefit of each activity.

COVID-19 has seriously impacted the ESU and made relevant all the above, with immediate failure of income from both the Chesterfield Hotel and Dartmouth House. On an annualised rolling 12-month basis, total ESU income would be down more than 90%. We have cut our costs to a minimum to counter against lost revenue. All staff except 3.0 FTE's have been furloughed from 1<sup>st</sup> April 2020. The charity will maintain a skeletal operation in the coming months.

Markets have reduced the value of our investments. We rely on continuing support from our members which is increasingly important in current circumstances. There is no expectation of significant voluntary income in the short term. Fundraising and other events are cancelled until government regulations on lockdown permit otherwise. We have suspended all child face to face programmatic work.

We have reserves to protect against some of the worst of this situation. The auditors have considered our going concern status and have share our view that we will remain so in the year ahead.



## Statement of Trustee Responsibilities

The Trustees (Governors) 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 ESU Trading Ltd (together, the 'Group'), in accordance with applicable law and regulations.

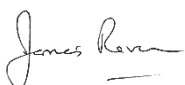
Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice and applicable law.

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 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;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- 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 a 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; to 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 2011. They are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 8 July 2020 and signed on their behalf by



**Professor James Raven**  
Chairman

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

### **Opinion**

We have audited the financial statements of The English-Speaking Union for the year ended 31 March 2020, which comprise the Group Statement of Financial Activities, the Group and Parent Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and parent charity's affairs as at 31 March 2020, and of the Group's incoming resources and application of resources, including its income and expenditure, 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 Charities Act 2011.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to notes 1(b) and 1(c) of the financial statements which describe the effect of the coronavirus pandemic on the activities of the group and on the valuation of the group's functional and investment properties. In particular there is a material uncertainty over the property valuations due to the lack of comparable market transactions at the balance sheet date. Our opinion is not modified in this respect.

### **Conclusions Relating to Going Concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you, where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on Which We Are Required to Report by Exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 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
- the parent charity has not kept adequate accounting records; or
- the parent charity's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or parent charity or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under this Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Charity's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or parent charity to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Use of Our Report

This report is made solely to the Charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. 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 any party other than the Charity and Charity's Trustees as a body, for our audit work, for this report, or for the opinion we have formed

*Moore Kingston Smith LLP*

### Neil Finlayson (Senior Statutory Auditor)

For and on behalf of Moore Kingston Smith LLP, Statutory Auditor  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

*13 July 2020*

THE ENGLISH-SPEAKING UNION CONSOLIDATED FINANCIAL STATEMENTS AND NOTES  
FOR THE YEAR ENDED 31 MARCH 2020

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (SoFA)**

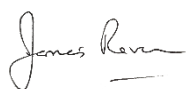
£'000's		2020 Unrestricted funds	2020 Restricted & endowment funds	2020	2019 (restated)
	Note				
<b>Income from:</b>					
Donations and legacies	2.1	113	-	113	108
Charitable activities	2.2	439	517	956	1,411
Trading income	2.3	384		384	383
Investment income	2.4	1,569	37	1,606	1,614
<b>Total income</b>		<b>2,505</b>	<b>554</b>	<b>3,059</b>	<b>3,516</b>
<b>Expenditure on:</b>					
Charitable activities	4.1	1,581	756	2,337	3,890
Raising funds	4.2	722	-	722	464
<b>Total expenditure</b>		<b>2,303</b>	<b>756</b>	<b>3,059</b>	<b>4,354</b>
<b>Net expenditure before gains on investments</b>					
		<b>202</b>	<b>(202)</b>	<b>-</b>	<b>(838)</b>
Property revaluation loss		(100)	-	(100)	
Realised gain on investment					254
Net unrealised loss on investment	9.2	(69)	-	(69)	(184)
<b>Total net (loss) on investments &amp; revaluation</b>		<b>(169)</b>	<b>-</b>	<b>(169)</b>	<b>70</b>
<b>Net movement in funds</b>					
		<b>33</b>	<b>(202)</b>	<b>(169)</b>	<b>(768)</b>
<b>Reconciliation of funds:</b>					
Funds brought forward as restated 1 April	15	39,764	1,252	41,016	41,784
<b>Total funds carried forward</b>		<b>39,797</b>	<b>1,050</b>	<b>40,847</b>	<b>41,016</b>

THE ENGLISH-SPEAKING UNION CONSOLIDATED FINANCIAL STATEMENTS AND NOTES  
FOR THE YEAR ENDED 31 MARCH 2020

ESU GROUP BALANCE SHEET

£'000's	Note	Consolidated		ESU Charity	
		2020	2019 (restated)	2020	2019 (restated)
<b>Fixed assets</b>					
Intangible assets	8	172	215	172	215
Tangible assets	8	11,768	11,969	11,768	11,969
Investments	9	28,696	28,779	28,696	28,779
<b>Total fixed assets</b>		<b>40,636</b>	<b>40,963</b>	<b>40,636</b>	<b>40,963</b>
<b>Current assets</b>					
Stock		-	3	-	3
Debtors	10	485	605	475	442
Cash at bank and in hand		334	223	329	218
<b>Total current assets</b>		<b>819</b>	<b>831</b>	<b>804</b>	<b>663</b>
<b>Creditors</b>					
Amounts falling due within one year	11	608	778	770	773
<b>Net current assets/(liabilities)</b>		<b>211</b>	<b>53</b>	<b>34</b>	<b>(110)</b>
<b>Net assets</b>		<b>40,847</b>	<b>41,016</b>	<b>40,670</b>	<b>40,853</b>
<b>Funds</b>	15				
<b>Restricted funds</b>					
Endowments		541	645	541	645
Restricted funds		509	607	509	607
<b>Total</b>		<b>1,050</b>	<b>1,252</b>	<b>1,050</b>	<b>1,252</b>
<b>Unrestricted funds</b>					
Designated funds		38,276	38,756	38,276	38,756
General funds		1,521	1,008	1,344	845
<b>Total</b>		<b>39,797</b>	<b>39,764</b>	<b>39,620</b>	<b>39,601</b>
<b>Net funds</b>		<b>40,847</b>	<b>41,016</b>	<b>40,670</b>	<b>40,853</b>

These financial statements were approved and authorised for issue by the Trustees on 8th July 2020 and signed on their behalf by



**Professor James Raven**  
Chairman



## CONSOLIDATED STATEMENT OF CASH FLOW

	Note	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
<b>Cash flows from operating activities:</b>		<b>85</b>	<b>(1,000)</b>
<b>Cash flows from investing activities</b>			
Investment income	2.4	58	89
Purchase of property, plant and equipment	8	(32)	(9)
Purchase of intangible fixed assets		-	(214)
Proceeds from sale of investments		-	1,198
<b>Net cash provided by investing activities</b>		<b>26</b>	<b>1,064</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>111</b>	<b>64</b>
Cash and cash equivalents at the beginning of the reporting period		223	159
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>334</b>	<b>223</b>

### Reconciliation of net income to net cash flows from operating activities

	Note	Year ended 31 March 2020 £'000	Year ended 31 March 2019 (restated) £'000
Net deficit for the reporting period		-	(838)
Depreciation charges	8	171	135
Loss on fixed asset write-off		6	-
Management fees on portfolio		13	159
(Increase)/decrease in debtors		127	(349)
(Decrease)/increase in creditors		(177)	(15)
Decrease/(increase) in stock		3	(3)
Investment income		(58)	(89)
<b>Net cash provided by/(used in) operating activities</b>		<b>85</b>	<b>(1,000)</b>

### Analysis of cash and cash equivalents

	2020 £'000	Movement £'000	2019 £'000
<b>Cash at bank and in hand</b>	<b>334</b>	<b>111</b>	<b>223</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The principal accounting policies adopted, the judgements and the key sources of estimation and uncertainty in the preparation of the financial statements are as follows:

#### a) Basis of preparation

The financial statements are prepared under the historical cost convention as modified to include the revaluation of investments at market value, and in accordance with the Statement of Recommended Practice for Charities (SORP 2015) and applicable accounting standards (FRS 102).

The ESU meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are prepared in sterling, the functional currency of the Charity. Monetary amounts are rounded to the nearest thousand pounds.

#### b) Critical accounting judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Charity's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements.

As stated in notes 8 and 9 to the financial statements, the fair values of the functional and investment properties are based on a valuation undertaken by the Trustees as at 31 March 2020. The valuation was based on a suitable index given the lack of open market evidence. As a result of the outbreak of COVID-19 and its impact on financial and property markets, the Trustees acknowledge that there is a material valuation uncertainty due to the lack of comparable market transactions at the balance sheet date.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Specific estimates in the financial planning of the charity include:

- The charity will maintain the ability to respond to the need to amend its cost base in an agile and timely manner.
- The Board will continue to seek to maintain the long-term value of Dartmouth House and unlock its potential for charitable purposes. It will continue to consider the

optimal asset allocation for the charity across different asset classes.

- The Board will ensure, as far as it is able, that it secures the full rental income from the Hotel tenants. However, this has not been possible during the current COVID-19 pandemic as the Coronavirus Act prevents landlords taking legal action to collect rents. This restriction is due to expire on September 30<sup>th</sup> 2020 but may be extended. The Board will continue to ensure it receives independent professional property and legal advice on all matters across its estate.
- The financial modelling of the organisation's income and expenditure and cash flow will continue to use prudent revenue estimates in voluntary income classes, especially for membership, legacy and voluntary donations. The charity ensures that financial and legal commitments made are fully funded ahead of any such commitment being finalised.

**c) Going concern basis**

The COVID 19 pandemic has hit the charity hard. We estimate that more than 90% of our income will be interrupted or even lost in the aftermath. The board has therefore taken a number of mitigating actions:

First, it has established a detailed and regular cash flow reporting and monitoring basis, so that the true position if the organisation can be seen clearly. Strong financial controls provide a bedrock for the transparent reporting required in difficult times.

Detailed cash forecasts are scrutinised regularly by the entire board, and separately by its sub-Committee, the Finance and Operations Committee.

Secondly, the charity is managing costs tightly. Significant headcount reductions have been made, and regrettably all face to face educational activity has been halted. The costs have been reduced by an almost proportional amount. Thanks to a strong reserves policy, the charity is able to meet its obligations in 2020-1.

There is a likelihood that much of the income associated with the catering and hotel businesses on which we indirectly rely will continue to be affected.

The Audit and Risk Committee as well as the Finance and Operations Committee continue to monitor the levels of outgoings, and to consider contingency plans. A number of scenarios continue to be modelled in detail and the inherent assumptions tested robustly. The charity has access to relatively liquid unrestricted reserves, and in addition has an overdraft facility with its banker, Coutts.

The issue facing the EU is primarily one of liquidity. There is a strong property asset base built up over generations, but the value in the properties is relatively illiquid. In the unlikely event that the current financial challenges continue for a further 12 months, the

ESU is confident that, in extremis, it is able to secure financing to meet the needs of the charity.

The Board is therefore able to confirm that in its view and despite the most challenging of environments, the charity remains a going concern for the foreseeable future.

**d) Group financial statements**

The financial statements consolidate the results of the Charity and its wholly owned subsidiary, ESU Trading Ltd, on a line-by-line basis. A separate Statement of Financial Activities (SoFA) and Income and Expenditure Account for the Charity has not been presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

**e) ESU Trading Ltd**

ESU Trading Ltd is incorporated as a company limited by guarantee and does not have a share capital. A Gift Aid payment is made to the ESU each year equivalent to the taxable profit. The company provides catering facilities in Dartmouth House.

**f) Branches**

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

**g) Income resources**

All incoming resources are included in the SoFA 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 the proportion which relates to the next financial year.
- Donations and legacies are included in full in the SoFA when there is entitlement, probability of receipt and the amount of income receivable can be measured reliably.

All other income is accounted for on an accruals basis.

**h) Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under 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, the main cost-driver of the Charity.

- 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 using a relevant and reasonable apportionment based on time, occupancy and usage across categories of the charitable expenditure, governance and the costs of generating funds.
- Governance costs are separately identified and 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 in the SoFA.
- Investment properties are included at market value and are not depreciated.

**i) 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 ongoing use are deemed to be fixed assets. Freehold property for the Charity's use is included at market value.

- Property Valuation

In considering the valuation of its property assets, the Board has recognised that at the date of the valuation there was material uncertainty due to market disruption caused by the direct and indirect impacts of the Coronavirus.

Valuation uncertainty here is defined as "the possibility that the estimated value may differ from the price that could be obtained in a transfer of the subject asset or liability taking place on the valuation date on the same terms and in the same market" (International Valuation Standards Council).

Under the circumstances, the board has applied a leading and widely accepted index of market value for this class of property to the asset, from the last external professional valuation to 31st March 2020 in order to arrive at a realistic valuation.

- Works of art

Various works of art are held by the charity at market value. No depreciation is charged as the residual value of arts assets is reviewed on an annual basis, and the value subsequently reviewed for impairment.

**j) Depreciation and amortisation**

Depreciation and amortisation are calculated to write off the costs of the fixed asset by equal instalments as follows, all straight line:

Plant and machinery	15 years
Furniture, fittings and equipment	5 years
Computers	4 years
Software	5 years

**k) Investments**

Investments are initially shown in the financial statements at market value. Movements in the market values of investments are shown as unrealised gains and losses in the SoFA.

**l) Profits and losses on the realisation of investments**

These are shown as realised gains and losses in the SoFA. Realised gains and losses on investments are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year.

Unrealised gains and losses are calculated as the difference between the fair value at the year-end and their carrying value. Realised and unrealised investment gains and losses are combined in the SoFA.

**m) Stocks**

Stocks are valued at the lower of cost and net realisable value after allowing for obsolete and slow-moving stock. Minor ESU-branded items are expensed as incurred.

**n) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a maturity of less than three months.

**o) Financial instruments**

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. These include trade and other debtors and creditors and are initially

recognised at transaction value and subsequently measured at their settlement value.

**p) Creditors and provisions**

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**q) Operating leases**

Rental charges are charged on a straight-line basis over the life of the lease.

**r) Debtors and prepayments**

Debtors include amounts owed to the Charity for the provision of goods and services or amounts the Charity has paid in advance for the goods and services it will receive. Any debtors recoverable more than 12 months after the year-end are discounted to present value.

**s) Employee benefits**

**Short-term benefits**, including holiday pay, are recognised as an expense in the period in which the service is received.

**Employee termination benefits** are accounted for on an accruals basis and in line with FRS 102.

**Pensions:** The ESU operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of the ESU in an independently administered fund. The pensions costs charged in the financial statements represent the contributions payable during the year.

**t) 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.

**u) Foreign currency translation**

The Charity's functional and presentation currency is pounds sterling. Any monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates

of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recognised in the SoFA.

**v) Benefits in kind**

Benefits in kind received are included at a reasonable estimate of their gross value to the Charity. The Charity does not place a monetary value on volunteers' time.

**w) Funds**

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

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

**General unrestricted income funds:** These are available to the ESU for its general purposes and include funds designated for practical purposes. The use of designated funds remains at the discretion of Trustees.



THE ENGLISH-SPEAKING UNION CONSOLIDATED FINANCIAL STATEMENTS AND NOTES  
FOR THE YEAR ENDED 31 MARCH 2020

## 2. INCOME NOTE

### 2.1 Donations and legacies

	<i>Unrestricted</i> funds £'000	Restricted & endowment funds £'000	2020 £'000	Unrestricted funds £'000	Restricted & endowment funds £'000	2019 £'000
Donations	113	-	113	93	5	98
Legacies	-	-	-	10	-	10
<b>Total</b>	<b>113</b>	<b>-</b>	<b>113</b>	<b>103</b>	<b>5</b>	<b>108</b>

### 2.2 Charitable activities

	Unrestricted funds £'000	Restricted & endowment funds £'000	2020 £'000	Unrestricted funds £'000	Restricted & endowment funds £'000	2019 £'000
Income from programmes & events	134	118	252	202	131	333
Income from branches	92	5	97	252	-	252
Educational facilities & placements (gifts in kind)	-	394	394	-	603	603
Membership subscriptions	213	-	213	223	-	223
<b>Total</b>	<b>439</b>	<b>517</b>	<b>956</b>	<b>677</b>	<b>734</b>	<b>1,411</b>

### 2.3 Trading activities

	Unrestricted funds £'000	Restricted & endowment funds £'000	2020 £'000	Unrestricted funds £'000	Restricted & endowment funds £'000	2019 £'000
Catering commission	384	-	384	379	-	379
Room hire	-	-	-	4	-	4
<b>Total</b>	<b>384</b>	<b>-</b>	<b>384</b>	<b>383</b>	<b>-</b>	<b>383</b>

### 2.4 Investments

	Unrestricted funds £'000	Restricted & endowment funds £'000	2020 £'000	Unrestricted funds £'000	Restricted & endowment funds £'000	2019 £'000
Rental income	1,504	-	1,504	1,503	-	1,503
Investments income	21	37	58	76	13	89
Recharges	44	-	44	22	-	22
<b>Total</b>	<b>1,569</b>	<b>37</b>	<b>1,606</b>	<b>1,601</b>	<b>13</b>	<b>1,614</b>
<b>Total income</b>	<b>2,505</b>	<b>554</b>	<b>3,059</b>	<b>2,764</b>	<b>752</b>	<b>3,516</b>

### 3. TRADING SUBSIDIARY

	2020 £'000	2019 £'000
Turnover	384	383
Cost of sales	(4)	-
<b>Gross profit</b>	<b>380</b>	<b>383</b>
Administrative expenses	(208)	(225)
<b>Profit before taxation</b>	<b>172</b>	<b>158</b>
<b>Summary of assets and liabilities are as follows:</b>		
Assets	187	179
Liabilities	(15)	(16)
<b>Net assets</b>	<b>172</b>	<b>163</b>
Distributions to parent charity under gift aid	158	42

ESU Trading Ltd outsources the catering and room hire of Dartmouth House under contract to CH&Co. Operating costs include an allocation of ESU's employee costs and management expenses.

The wholly owned subsidiary ESU Trading Ltd is incorporated in the English-Speaking Union (Charity number 273136).

THE ENGLISH-SPEAKING UNION CONSOLIDATED FINANCIAL STATEMENTS AND NOTES  
FOR THE YEAR ENDED 31 MARCH 2020

## 4. EXPENDITURE

### 4.1 Charitable activities

	Direct costs £'000	Support costs £'000	2020 £'000	2019 £'000
Education programme and scholarships	774	543	1,317	2,277
Educational facilities and placements	386	9	395	628
International development	99	9	108	198
Membership and branches	175	165	340	644
Governance (note 7)	47	130	177	143
<b>Total</b>	<b>1,481</b>	<b>856</b>	<b>2,337</b>	<b>3,890</b>

### 4.2 Raising funds

	Direct costs £'000	Support costs £'000	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Fundraising costs	103	195	298	239
Trading	216	208	424	225
<b>Total</b>	<b>319</b>	<b>403</b>	<b>722</b>	<b>464</b>
<b>Total expenditure</b>	<b>1,800</b>	<b>1,259</b>	<b>3,059</b>	<b>4,354</b>

## 5. SUPPORT COSTS

	Finance, HR & digital £'000	Communications & publicity £'000	Facilities & management £'000	2020 £'000	2019 £'000
<b>Overhead allocation</b>					
Education programme and scholarships	211	83	249	543	648
Educational facilities and placements	3	2	4	9	25
International development	3	2	4	9	70
Membership and branches	65	25	75	165	181
Governance	50	20	60	130	99
<b>Sub-total charitable to activities</b>	<b>332</b>	<b>132</b>	<b>392</b>	<b>856</b>	<b>1,023</b>
Fundraising	75	32	88	195	52
Trading	82	32	94	208	199
<b>Sub-total to fundraising &amp; trading</b>	<b>157</b>	<b>64</b>	<b>182</b>	<b>403</b>	<b>251</b>
<b>Total support costs</b>	<b>489</b>	<b>196</b>	<b>574</b>	<b>1,259</b>	<b>1,274</b>

Support costs are allocated on the basis of full-time equivalent headcount across the programmes.

## 6. DETAILS OF STAFF COSTS

### 6.1 Number of employees

The average number of employees is split as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
Charitable activities	6	19
Income generation	3	3
Support	8	10
<b>Total permanent full-time staff</b>	<b>17</b>	<b>32</b>
Mentors *	23	23

Support staff functions include Finance, IT, Human Resources, Facilities, Legal and Administration, as well as Communications and Operations.

Contractors and temporary staff are excluded.

\* Mentors are paid on a call-off basis and do not form part of the charity's permanent establishment.

## 6.2 Analysis of staff costs

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Salaries	852	1,239
Redundancy costs	7	-
Employers' National insurance	79	123
Employers' pension contributions	59	64
<b>Total</b>	<b>997</b>	<b>1,426</b>

Three staff members received a redundancy payment as a result of restructuring in the programme department.

## 6.3 Senior employees

	Year ended 31 March 2020 Number	Year ended 31 March 2019 Number
£60,001-£70,000	-	1
£80,001-£90,000	1	-
£100,001-£110,000	1	1
<b>Total</b>	<b>2</b>	<b>2</b>

The above bands reflect the emoluments, excluding pension contributions, of the Director-General and the Director of Finance.

## 6.4 Key management personnel

Key management personnel emoluments, comprising wages and salaries, pension contributions and other benefits:

	2020 £'000	2019 £'000
<b>Total</b>	<b>233</b>	<b>201</b>

Key management personnel comprise the Senior Management Team (SMT): The Director-General and Director of Finance (both staff). The Director of Engagement & Development, part of the SMT, is employed on a consultancy basis and therefore excluded from the above.

## 6.5 Trustee remuneration

None of the Trustees received any remuneration from the Charity or its subsidiaries during the current or previous financial year.

## 7. GOVERNANCE COSTS

	2020 £'000	2019 £'000
Trustees' expenses	2	8
Legal and professional	30	181
Audit fees	15	15
Other payments to auditors (VAT advisory costs)	-	11
<b>Total</b>	<b>47</b>	<b>215</b>

In addition to the direct costs shown above, Governance costs also include directors' and executive time concerned with the strategic planning processes that contribute to the development of the Charity. (See note 5. Support Costs).

During the year, reimbursement of travelling and general expenses of £1,514 (2018/19: £8,144) were directly incurred and reimbursed to 6 Trustees.

## 8. FIXED ASSETS

### Group and Charity (£'000's)

	Freehold property	Plant & machinery	Computer equipment	Artwork & Maces	Fixtures & fittings	Total tangible assets	Intangible assets	Total fixed assets
<b>Cost or valuation</b>								
At 31 March 2019	10,570	1,177	340	496	333	12,916	215	13,131
Additions	-	24	8	-	-	32	-	33
Disposals	-	-	-	-	(8)	(8)	-	(9)
Revaluations	(100)	-	-	-	-	(100)	-	(100)
<b>At 31 March 2020</b>	<b>10,470</b>	<b>1,201</b>	<b>348</b>	<b>496</b>	<b>325</b>	<b>12,840</b>	<b>215</b>	<b>13,055</b>
<b>Depreciation/ amortisation</b>								
At 31 March 2019	-	407	319	-	221	947	-	947
Charged in the year	-	72	11	-	46	129	43	172
Disposals	-	-	-	-	(4)	(4)	-	(4)
<b>At 31 March 2020</b>	<b>-</b>	<b>479</b>	<b>330</b>	<b>-</b>	<b>263</b>	<b>1,072</b>	<b>43</b>	<b>1,115</b>
<b>Net book value</b>	<b>10,470</b>	<b>722</b>	<b>18</b>	<b>496</b>	<b>61</b>	<b>11,768</b>	<b>172</b>	<b>11,940</b>
At 31 March 2019 as restated	10,570	769	21	496	113	11,969	215	12,184

The functional property was revalued by the Trustees at 31 March 2020. The valuation was based on a suitable index given the lack of open market evidence. As a result of the outbreak of COVID-19 and its impact on financial and property markets, the Trustees acknowledge that there is a material valuation uncertainty due to the lack of comparable market transactions at the balance sheet date.

## 9. ANALYSIS OF FIXED ASSET INVESTMENTS

### 9.1 Property investments (£'000's)

	2020	2019
Market value at 1 April	27,100	27,100
Unrealised gains on revaluation	-	-
<b>Market value at 31 March</b>	<b>27,100</b>	<b>27,100</b>

The investment property was valued by the Trustees at 31 March 2020. The valuation was based on a suitable index given the lack of open market evidence. As a result of the outbreak of COVID-19 and its impact on financial and property markets, the Trustees acknowledge that there is a material valuation uncertainty due to the lack of comparable market transactions at the balance sheet date.

### 9.2 Share portfolio (£'000's)

	2020	2019
Market value at 1 April	1,679	2,791
Disposal proceeds	-	(1,185)
Investment managers' rebate/(fees)	(13)	-
Investment held in cash	-	3
Realised profit on investments	-	254
Unrealised loss on investments	(69)	(184)
<b>Market value at 31 March</b>	<b>1,597</b>	<b>1,679</b>
<b>Market value of all investments at 31 March</b>	<b>28,697</b>	<b>28,779</b>
Historical cost at 31 March	1,302	1,302

### 9.3 Material investments

Apart from Invesco physical gold (5.2%), there were no portfolio investments representing over 5% by value of the portfolio in the year ended 31 March 2020.

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## 10. DEBTORS (£'000's)

	Consolidated		ESU Charity	
	2020	2019	2020	2019
Trade debtors	380	404	380	404
Sundry debtors	21	84	21	95
Amounts owed by trading subsidiary	-	-	-	(151)
Prepayments and accrued income	84	117	74	94
<b>Total</b>	<b>485</b>	<b>605</b>	<b>475</b>	<b>442</b>

## 11. CREDITORS (amounts falling due within one year) (£'000's)

	Consolidated		ESU Charity	
	2020	2019 (restated)	2020	2019
Trade creditors	51	188	51	182
Sundry creditors	62	130	62	131
Subscriptions in advance	80	71	80	71
Amounts owed to trading subsidiary	-	-	173	-
Tax and Social Security	19	-	19	-
Deferred income	389	389	389	389
VAT payable/(reclaimable)	7	-	(4)	-
<b>Total</b>	<b>608</b>	<b>778</b>	<b>770</b>	<b>773</b>

## 12. OPERATING LEASE COMMITMENTS

At 31 March 2020, the Charity had annual commitments in respect of operating leases of office equipment which expire in the period shown, as follows.

£'000's	2020		2019
	2020	2019	
Within one year	4	4	
Two to five years	-	-	
<b>Total</b>	<b>4</b>	<b>4</b>	

The lease relates to a photocopier. The term was extended for one year in 2019.



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### 13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Current year (£'000's)	Unrestricted funds	Restricted & endowment funds	Total 2020
Fixed assets	11,940	-	11,940
Investment property	27,100	-	27,100
Other investments	547	1,050	1,597
Net current assets/(liabilities)	210	-	210
<b>Total net assets</b>	<b>39,797</b>	<b>1,050</b>	<b>40,847</b>

#### 13.1 Prior year (£'000's)

	Unrestricted funds	Restricted & endowment funds	Total 2019	Total 2019 (restated)
Fixed assets	11,688	-	11,688	12,184
Investment property	27,100	-	27,100	27,100
Other investments	427	1,252	1,679	1,679
Net current assets/(liabilities)	149	-	149	53
<b>Total net assets</b>	<b>39,364</b>	<b>1,252</b>	<b>40,616</b>	<b>41,016</b>

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**14. FUNDS** (£'000's)

Current Year	Opening balance as restated 2019	Incoming resources	Outgoing resources	Unrealised loss on investments & revaluation of fixed assets	Balance at 31 March 2020
<b>Endowment funds</b>					
Expendable	452	13	(123)	-	342
Permanent endowment	193	6	-	-	199
<b>Total</b>	<b>645</b>	<b>19</b>	<b>(123)</b>	<b>-</b>	<b>541</b>
<b>Restricted funds</b>					
Branch funds	35	5	(1)	-	39
Exchange programmes	33	-	(8)	-	25
Fellowship funds	206	123	(203)	-	126
Education funds	12	395	(394)	-	13
Music funds	36	3	(14)	-	25
Scholarship funds	285	9	(13)	-	281
<b>Total</b>	<b>607</b>	<b>535</b>	<b>(633)</b>	<b>-</b>	<b>509</b>
<b>Unrestricted funds</b>					
Designated funds	38,756	-	(380)	(100)	38,276
General funds	844	2,122	(1,548)	(69)	1,349
Trading funds	164	383	(375)	-	172
<b>Total</b>	<b>39,764</b>	<b>2,505</b>	<b>(2,303)</b>	<b>(169)</b>	<b>39,797</b>
<b>Total funds</b>	<b>41,016</b>	<b>3,059</b>	<b>(3,059)</b>	<b>(169)</b>	<b>40,847</b>

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**14.1 Prior year funds** (£'000's)

	Opening balance as restated 2018	Incoming resources	Outgoing resources	Unrealised loss on investments & revaluation of fixed assets	Balance at 31 March 2019
<b>Endowment funds</b>					
Expendable	787	-	(335)	-	452
Permanent	180	13	-	-	193
<b>Total</b>	<b>967</b>	<b>13</b>	<b>(335)</b>	<b>-</b>	<b>645</b>
<b>Restricted funds</b>					
Branch funds	34	1	-	-	35
Exchange programmes	70	-	(37)	-	33
Fellowship funds	193	131	(118)	-	206
Education funds	23	601	(612)	-	12
Music funds	46	-	(10)	-	36
Scholarship funds	309	6	(30)	-	285
<b>Total</b>	<b>675</b>	<b>739</b>	<b>(807)</b>	<b>-</b>	<b>607</b>
<b>Unrestricted funds</b>					
Designated funds	38,352	-	(92)	-	38,260
General funds	1,384	2,377	(2,891)	70	940
Trading funds	5	387	(228)	-	164
<b>Total</b>	<b>39,741</b>	<b>2,764</b>	<b>(3,212)</b>	<b>70</b>	<b>39,364</b>
<b>Total funds</b>	<b>41,384</b>	<b>3,516</b>	<b>(4,354)</b>	<b>70</b>	<b>40,616</b>

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## 15. FUND DETAILS

Grouping	Category	Fund name	Purpose
Endowment funds	Expendable endowment funds	EEF000 - American Memorial Chapel Travel Fund (Clergy)-£74k	Travel scholarships for clergy between the UK and the USA
		EEF001 - Westbury Preston Memorial Education Fund-£253k	Used to provide exchange visits by students or teachers within the British Commonwealth or between the British Commonwealth and the USA
		EEF002 - Mallinson Memorial Fund - Bookbinding & Woodworking-£15k	Woodworking and bookbinding scholarships
	Permanent endowment funds	PEF000 - P W Minet American Education Scholarship Fund-£68k	Teaching scholarships for lecturers or teachers to travel to the USA to study a specific aspect of education
		PEF001 - P W Minet Community Benefit Fund-£68k	Travel awards to enable individuals between 25 and 45 with professional qualifications to travel outside the UK, for the benefit of both their own communities and those they visit
		PEF002 - Education Endowment Fund - Teachers-£43k	Travel scholarships for teachers between the UK and the USA
		PEF003 - Charlotte Bonham-Carter Music Scholarship Fund-£20k	For the provision of music scholarships to Yale
Restricted funds	Branch funds	RB0003 - Carlbom-Lincolnshire-£35k	Used to fund education at branch level
		RB0005-Hastings branch-£2k	
		RB0001-Nurses Work Shadow Fund(£2k)	
	Exchange funds	RE0003 - C E Eckersley Educational Fund-£13k	Used to provide grants to foreign students studying the English language in the UK
		RE0004 - Walter Annenburg Fund-£13k	Donated for the purpose of Anglo-American exchanges
	Fellowship funds	RS0000 - The Lindemann Fellowship Fund-£126k	Provides fellowship awards to enable UK scientists to undertake research programmes in the USA
	Music funds	RM0000 - The Ravinia Scholarship Fund-£5k	Awards to enable talented musicians to attend the Ravinia Festival
		RM0003 - Belinda Norman-Butler Music Fund-£12k	Donations raised by the ESU Cultural Affairs Committee to support music scholarships
	Scholarship funds	RA0000 - Chilton Art History Scholarship Fund-£126k	Supports an annual art history scholarship placement at Christies
		RN0000 - John Roberts Travel Scholarship Fund-£34k	Fund is in respect of travel scholarships
		RN0001 - Michael Graydon Scholarship Fund-£8k	Award to aid earmarked ESU educational work for the Lincolnshire branch
Chester Scholarship Fund-£92k		Award for scholarships & other charitable activities in Chester	

## 16. Reconciliation of opening balance sheet

	GROUP			CHARITY		
	Year ended 31 March 2019			Year ended 31 March 2019		
	As previously stated £'000	Effect of prior year adjustment £'000	As restated £'000	As previously stated £'000	Effect of prior year adjustment £'000	As restated £'000
<b>Fixed assets</b>						
Tangible assets	11,473	496	11,969	11,473	496	11,969
Intangible assets	215	-	215	215	-	215
Investments	28,779		28,779	28,779		28,779
<b>Total</b>	<b>40,467</b>	<b>496</b>	<b>40,963</b>	<b>40,467</b>	<b>496</b>	<b>40,963</b>
<b>Current assets</b>						
Stock	3	-	3	3		3
Debtors	605	-	605	442		442
Cash at bank	223	-	223	218	-	218
<b>Total</b>	<b>831</b>	<b>-</b>	<b>831</b>	<b>663</b>	<b>-</b>	<b>663</b>
<b>Creditors</b>	<b>(682)</b>	<b>(96)</b>	<b>(778)</b>	<b>(677)</b>	<b>(96)</b>	<b>(773)</b>
<b>Net assets</b>	<b>40,616</b>	<b>400</b>	<b>41,016</b>	<b>40,453</b>	<b>400</b>	<b>40,853</b>
<b>Funds</b>						
Restricted funds	1,252	-	1,252	1,252		1,252
Unrestricted funds	39,364	400	39,764	39,200	400	39,601
<b>Total</b>	<b>40,616</b>	<b>400</b>	<b>41,016</b>	<b>40,452</b>	<b>400</b>	<b>40,853</b>

Investment income has been restated by a net figure of £96k to reflect an overstatement of rent income as at 31 March 2019. The Balance Sheet has been restated by a net figure of £400k being an increase in deferred income of £96k and an increase in fixed assets of £496k due to the recognition of artwork assets not previously recognised in the financial statements and the understatement of deferred income