

CHARITY NUMBER: 273136

ROYAL CHARTER REGISTRATION NUMBER: RC000177

# THE ENGLISH-SPEAKING UNION OF THE COMMONWEALTH REPORT AND ACCOUNTS TO 31 MARCH 2021



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

## INTRODUCTION

Welcome to the Annual Report and Accounts for the English-Speaking Union for 2020/21. I am pleased to report that despite a significant fall in charitable income due to the COVID-19 pandemic, the ESU has successfully focussed time and resources on the young people whose opportunities for dialogue and debate have been so restricted during lockdown. This period has seen a marked widening of the learning gap, with those from socially disadvantaged communities faring worst. Thanks to the efforts of ESU members, alumni, volunteers, governors and staff the English-Speaking Union has made a contribution to the national and international effort to support online educational resources for our young people.

The recently published ‘Speak for Change’ report from the All-Party Parliamentary Group on Oracy, to which the ESU contributed, concludes that a greater focus on oral language improves outcomes for the most disadvantaged students, and that the ability to communicate effectively is an essential ingredient to both success in school and beyond. The call to action is clear. Until such time as oracy is integrated into the National Curriculum, the ESU in partnership with schools and partner organisations, must continue to provide skills training and support for those in the most challenging circumstances. Every child has a right to develop a confident voice, good listening skills, critical thinking and the ability to debate, enabling them to play a full part in society and to become advocates for themselves and others.



Jane Easton, Director-General

## 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 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 24 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'.

## **HRH Prince Philip - Statement of appreciation**

We are deeply saddened by the death of His Royal Highness The Duke of Edinburgh, President of the English-Speaking Union of the Commonwealth from 1952 to 2011, when he was succeeded by HRH The Princess Royal.

Prince Philip was a staunch supporter of the charity's work, writing frequently and attending events at both Dartmouth House and venues across the world on our behalf. Our Public Speaking Competition, now the largest such competition for schools in England and Wales, came about as a direct result of a speech he made in 1960.

In 1991, at the World Schools Debating Championships, with which the ESU was involved, he said 'There are bound to be winners and losers in any contest, but I hope that all the competitors will go home with respect for their opponents and with the realisation that different opinions are no bar to lasting friendships.' With this sentence he encapsulated the whole purpose of the ESU, and we consider ourselves deeply honoured to have enjoyed his lifelong support.

## **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. In a normal year, 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 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

The trustees draw regularly on independent national research to address four specific areas of educational need and have 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.

In 2021 the All-Party Parliamentary Group on Oracy has provided further evidence that oracy education improves academic outcomes, underpins literacy and vocabulary acquisition, supports wellbeing and confidence, enables young people to have access to employment and thrive in life beyond school, and develops citizenship and agency.

81% of headteachers and 60% of classroom teachers said oracy should be essential or high priority as schools re-open. 78% of pupils said their schools should prioritise oracy  
(APPG Speak for Change Report 2021)



ESU programmes provide teacher CPD and classroom resources to support schools during the post-COVID 'catch-up' agenda and beyond

## Teaching Programmes

*Due to COVID-19, the ESU was forced to suspend all face-to-face programme delivery between March 2020 and August 2021.*

Over the last year, the ESU has had to suspend the popular Discover Your Voice (DYV) workshops which over the years have introduced many young people to the art of debating and public speaking. Similarly, our work on Continuing Professional Development (CPD), supporting the strategic aim of equipping teachers for sustainable oracy provision in schools, was also postponed. Debate Academy, the ESU's residential summer debate training programme for 14- to 18-year-olds, was postponed in 2020 and 2021 due to the COVID-19 pandemic.

However, online delivery of speech and debate programmes and the Festival of Speaking made a positive impact with over 2,500 young participants in the UK, and over one million worldwide.

## Key Statistics

In this Annual Report 2020-21, the financial data is for the year to 31st March 2021, whilst the 2019-20 impact figures include activities held in the full academic year to 31<sup>st</sup> August 2021. Sadly, all programmes were affected or halted by the COVID-19 restrictions from mid-March 2020.

	2020-21	2019-20
<b>Discover Debating programme (serving disadvantaged communities)</b> Direct delivery to Key Stage 2 pupils aged 9-11 CPD training for teachers	Cancelled due to COVID	1,050 children in 31 schools + 57 in 11 regional sessions
<b>Discover Your Voice workshops</b>	Cancelled due to COVID	839 students and 101 teachers in 35 schools
<b>Schools' Mace Debating Competition</b>	606 students from 202 schools	903 students from 301 schools
<b>ESU-Churchill Public Speaking Competition</b>	447 Students from 149 schools	1,242 students from 272 schools
<b>Performing Shakespeare competition</b>	1,239 students from 60 schools	2,149 students from 108 schools
<b>Branch-led competitions and workshops</b> ESU activities in Colchester, Ouse Valley and South Wales for primary and secondary school students	Cancelled due to COVID	2,493 primary and secondary school students took part
<b>House of Lords 'talking days' &amp; Lords Chamber Debate</b>	Cancelled due to COVID	10 regional sessions, 107 student beneficiaries
<b>Debate Academy (a week-long residential summer camp)</b>	Cancelled due to COVID	Cancelled due to COVID-19
<b>International Public Speaking Competition (London-hosted)</b> National competitions across the globe, with the final normally in London, but online in 2021	1 million+ participants from 42 countries	1 million+ participants, from 52 countries. Final cancelled due to COVID-19.
<b>International Debate Tours</b> young people trained by ESU debate coaches	Cancelled due to COVID	c. 800 young people in the USA. Tours post-March 2021 delayed by COVID-19

## **Competitions**

In 2020-21, the three national schools' competitions - ESU-Churchill Public Speaking competition, Schools' Mace debating competition and Performing Shakespeare competition - reached an impressive number of participants. The charity was able to move quickly to put the competitions on to an electronic platform. 150 trained volunteer judges supported local and regional heats, culminating in national finals, with 2,300 participants from across England and Wales.

The Performing Shakespeare competition (Years 7-9; ages 11-14) supports the English Key Stage 3 curriculum, and develops confidence, creativity and self-expression.

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 continue 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.

## **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. Although the final event in London in 2020 had to be cancelled, the 2021 competition ran successfully online, across multiple time zones and with the high quality of engagement, public speaking and shared experience which characterises this significant event.

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. All 2020 SSE placements this year were cancelled through COVID-19, but scholars have been selected for the 2021/22 academic year.

## **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 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 and we continue to build on existing partnerships with 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. All topics are designed to develop informed views about civil society, and remain an accessible resource while schools are closed.

Valued partnerships include The Oracy Network, The Communication Trust, the Fair Education Alliance, Voice 21, the House of Lords, the International Churchill Society, the John Smith Trust, 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 high-profile supporters in education and academia and established the Oracy All-Party Parliamentary Group in 2018.

In 2020-21 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 and May 2021 Report. The ESU continues to advocate for oracy to be the third pillar of the school curriculum alongside literacy and numeracy.

### **Membership and Branches**

The ESU's c. 4,000 members and 24 branches support charitable activities across the country through educational work and through their support of school and community engagement, and fundraising. Face to face member events were suspended during the pandemic, but online talks and debates focussing on civil society have continued to engage supporters. We acknowledge with gratitude their continuing commitment to oracy development and speaking and listening skills.

The Board would like to put on record its enormous appreciation to all ESU volunteers, branches and supporters.

## **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 the 'Dialogue' publication.

We currently have approximately 20,000 followers on Facebook, Twitter and LinkedIn. Previous 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, comprising the individual trustees of the Charity. Each Governor 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. Up to six co-opted trustees may be appointed by the Board. On 1<sup>st</sup> June 2021 there are 13 Trustees serving on the Board.

The Board is assisted in its work by four committees:

- Audit & Risk (ARC)
- Education
- Finance & Operations (FOC), which includes a Property Group
- Nominations & Remuneration (NRC)

When necessary, an Ethics subcommittee can be convened. The committees generally have a mix of trustees and experienced independent advisers.

There are separate boards for the two trading subsidiaries, ESU Trading Ltd and ESU Dartmouth House Ltd.

## **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. Strict protocols are also applied to on-line events. The Board has a strong emphasis on protection of vulnerable individuals, and reviews process and procedures consistently. The safeguarding policy is available on the ESU website.

## **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 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 pandemic has sadly delayed some of the milestones in ESU 2018-22 strategic plan, but with the widening of the educational learning gap, there is renewed resolve to tackle the inequalities of access to education and skills development. Under the guidance of the newly elected Chair, Miles Young, the strategic planning process will be revisited in earnest once normal operations are once again possible. At the heart of this will be a determination that the ESU continues to broaden the geographical impact and accessibility of all its programmes, especially for young people in low-income communities.

Subject to the ESU's funding base, investment in digital education resources will remain a priority. We would like to further develop our web-based teaching capability. COVID-19 has forced a greater reliance on remote delivery, and there remains an opportunity to further expand the remote teaching, which may offer greater accessibility and value for money. The ESU will continue to build public profile and outreach, supported by alumni, key individuals, trusts and corporate partners who share our vision.

## **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.

Traditionally, over 90% of the ESU's annual income is derived from hospitality, the commercial sector which arguably has been hardest hit by the pandemic. Dartmouth House has been closed since March 2020, precluding the hire of the house for private events. The largest income in a normal year comes from premises leased to the Chesterfield Hotel, and the hotel too has had significant periods of closure. However, the Trustees are hopeful that the Chesterfield Hotel will pay all the rental income owed on the hotel lease. Whilst recognising the unfortunate impact of the pandemic on the tenant, the charity is nonetheless confident that the tenant will pay the rent due given the relative financial strength of the tenant in comparison to that of the charity. Aware that these revenues are currently at risk, the trustees will do all in their power to ensure that the interests of the charity are protected.

In December 2020, the ESU formed a subsidiary company, ESU Dartmouth House Ltd, to maintain the lease on the premises on the upper floors of Dartmouth House.

The ESU continues to develop 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
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## BOARD OF GOVERNORS (TRUSTEES OF THE CHARITY)

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

Board Chair	Professor James Raven (resigned 22 <sup>nd</sup> February 2021) Miles Young (from 22 <sup>nd</sup> February 2021)
Deputy Board Chairs	Derek Morgan (resigned 22 <sup>nd</sup> February 2021) Dr Tony Wood (resigned 29 <sup>th</sup> April 2020) David Shaw (from 22 <sup>nd</sup> February 2021) Professor James Raven (from 22 <sup>nd</sup> February 2021)
Honorary Treasurer	James Scruby (from 22 <sup>nd</sup> February 2021)

### Governors

The following served as Governors in the period from 1<sup>st</sup> April 2020:

Matthew Congreve (29 <sup>th</sup> April 2020 - 28 <sup>th</sup> April 2021)	Laurence Mutkin (from 22 <sup>nd</sup> February 2021)
Gillian Day (29 <sup>th</sup> April 2020 - 28 <sup>th</sup> April 2021)	Danny Preiskel (from 22 <sup>nd</sup> February 2021)
Barbara Firth	Ellen Punter (resigned 10 <sup>th</sup> December 2020)
Emma Gleave (29 <sup>th</sup> April 2020 - 28 <sup>th</sup> April 2021)	Stephen Purcell (from 22 <sup>nd</sup> February 2021)
Sarah Hawkins (from 22 <sup>nd</sup> February 2021)	James Probert (29 <sup>th</sup> April 2020 - 28 <sup>th</sup> April 2021)
Andrew Hay (resigned 10 <sup>th</sup> December 2020)	Professor James Raven
Alice Heard (resigned 10 <sup>th</sup> December 2020)	Sue Riley (from 22 <sup>nd</sup> February 2021)
Richard Humphreys (from 22 <sup>nd</sup> February 2021)	James Scruby
Bilal Mahmood (29 <sup>th</sup> April 2020 - 28 <sup>th</sup> April 2021)	David Shaw
Philip Maunder (from 22 <sup>nd</sup> February 2021)	Jonathan Sobczyk Boddington
Lady Susan Inkin (resigned 22 <sup>nd</sup> February 2021)	Anikka Weerasinghe (resigned 22 <sup>nd</sup> February 2020)
Alex Just (resigned 22 <sup>nd</sup> February 2021)	

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

## SENIOR EXECUTIVES

### Director-General

Jane Easton

### Directors

Tim Morris, Director of Finance

### Board Secretary

Stephen Corri, from 28th September 2020

## 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 LLP	Hogan Lovells International LLP
2 Putney Hill	Atlantic House, Holborn Viaduct
London SW15 6AB	London EC1A 2FG

### 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 26.

The figures consolidate the results of ESU Trading Ltd and ESU Dartmouth House Ltd.

### Income and Expenditure

In financial terms, for the year ending 31st March 2021, the charity has been significantly affected by Covid-19.

Financial performance was closely tracked throughout the year. The auditors have confirmed that strong financial controls have been evident across all aspects of the charity throughout the year.

The financial statements are dominated by the impact of COVID-19 and need to be carefully understood in light thereof. The full rental income due is included in the income line, even though at the year-end £965k from the tenant was due. Similarly, on expenditure in accordance with the accounting rules, a provision for possible non-payment by the tenant is shown as cost, so we have a £750k provision for non-payment of rent as an “expenditure” item. This does not mean that the money, which is legally receivable will be written off. It does mean that the charity is obliged to report the position where we assume that the tenant defaults.

Excluding the £750k provision for bad debt, total expenditure fell by £1,460k, notably through a significantly reduced cost base.

The charity ended the year with unrestricted reserves, including designated reserves, of £1,655k (2019/20: £1,732k). Strong reserves have enabled us to withstand some of the challenges resulting from COVID-19 and will continue to be important in the coming months.

In the year to 31<sup>st</sup> March 2021, net incoming resources were £2,150k (2019/20: £3,059k), a decrease of -29% or -£909k. 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. This is money to which the charity is contractually entitled and the Trustees will do all in their power to ensure that the charity receives these funds. 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 cash flow. At the year-end, negotiations with the tenant had begun and the Trustees are hopeful that a settlement can be reached later in 2021.

ESU Dartmouth House Ltd was established in 2020 as a 100% subsidiary company to contain the lease asset for the bedrooms immediately above Dartmouth House.

As in-person events were not possible through the year, catering income earned through ESU Trading Ltd, our trading subsidiary, all but disappeared (2019/20: £384k).

Rental income is classified as investment income.

Voluntary fundraising continues to be challenging. 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. We continue to highlight this as an important and impactful area of educational philanthropy, although we recognise that this message is a “slow burn”.

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 £1,704k (31/03/2020: £1,679k). There were net £250k of disposals during the year to support cash flow.

The ESU consolidated charity and subsidiary reports expenditure of £2,348k this year a significant decrease on the prior year (2019-20: £3,059k). The reduction of overall spending (net of provisions) of £1,461k by the charity is a combination of several factors. A significant cost reduction programme was undertaken at the beginning of the year. 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**

Cash flows were positive (+£819k), due to the drawdown of funds held with Sarasin & Partners. However, the non-payment of rent legally due by from the tenant at 31/03/2021 is a concern. Unrestricted reserves have decreased by £206k.

Total funds for the ESU at 31st March 2021 are £40,951 (31/03/2020: £40,847k).

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. Both properties were independently re-valued at the year-end by a reputable independent professional surveyor.

Unrestricted reserves are required to provide for short-term fluctuations in income and expenditure. The Board’s policy is to maintain net free reserves (currently held as near cash investments) sufficient to cover overheads for at least 6 months. The ESU is operating in accordance with this policy.

Reserves at 31 March 2021 (£'000's)

	31 March 2021	31 March 2020
The total value of funds held	40,951	40,847
<b>Less:</b>		
Restricted funds (purpose of use defined by the donor)	1,300	1,050
Designated funds for freehold and investment property	37,996	38,065
Designated charitable funds (Joyce Rolf Legacy)	39	211
<b>Total free reserves</b>	<b>1,616</b>	<b>1,521</b>

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 associated mitigations. 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. Our controls in this area were reviewed in light of the virtual platform on which the events were conducted in the year. A dedicated Board post is assigned to oversee this responsibility and ensure that nominated members of the executive team implement. There were no reported incidents in 2020-21.

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 for any reason would be material. Trustees monitor the relationship with the tenant and require that the property be well maintained. Given the challenges of the pandemic, the Board will work with the tenants to ensure a satisfactory outcome.
- 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. This income stream was wiped out by the pandemic. The charity will seek to re-build it in 2021-22 as UK legislation allows.



- Voluntary income arising from donations, grants and legacies varies from year to year and cannot be relied upon. Voluntary income is 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 threat to income from both the Chesterfield Hotel and Dartmouth House. Cash flow has been materially affected. We have cut our costs to a minimum to counter against lost revenue. All staff except 3.0 FTE's were furloughed from 1<sup>st</sup> April 2020. Sadly redundancies were necessary in July 2020, and remaining staff returned from flexible furlough by November 2020. The charity maintains a reduced operation until such time as it is possible to re-activate our programmes.

Our investments continue to be subject to markets fluctuations.

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 remain 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.

## 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 (UK GAAP) 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 (SORP);
- 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 5 November 2021 and signed on their behalf by



Miles Young  
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 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated 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 Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the of the Charity and the group's affairs as at 31 March 2021, and of the incoming resources of the group 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 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 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 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 function and investment properties. In particular there is a material uncertainty over the property valuations at the balance sheet date. Our opinion is not modified in this respect.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## 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 charity has not kept adequate accounting records; 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 required for our audit.

## **Responsibilities of the 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 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 section 154 of that 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. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- 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 charity to cease to continue as a going concern.

- 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 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.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charity.

### **Our approach was as follows:**

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charity complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

### Use of our report

This report is made solely to the Trustees, 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 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 the Trustees as a body, for our audit work, for this report, or for the opinion we have formed.

*Moore Kingston Smith LLP*

11 November 2021

Moore Kingston Smith LLP

Devonshire House

Statutory Auditor

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.

THE ENGLISH-SPEAKING UNION CONSOLIDATED FINANCIAL STATEMENTS AND NOTES  
FOR THE YEAR ENDED 31 MARCH 2021

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

£'000's		2021 Unrestricted funds	2021 Restricted & endowment funds	2021	2020
	Note				
<b>Income from:</b>					
Donations and legacies	2.1	217	10	227	113
Charitable activities	2.2	195	106	301	956
Trading income	2.3	0		0	384
Investment income	2.4	1,580	41	1,621	1,606
<b>Total income</b>		<b>1,992</b>	<b>157</b>	<b>2,149</b>	<b>3,059</b>
<b>Expenditure on:</b>					
Charitable activities	4.1	2,194	149	2,343	2,337
Raising funds	4.2	5		5	722
<b>Total expenditure</b>		<b>2,199</b>	<b>149</b>	<b>2,348</b>	<b>3,059</b>
<b>Net expenditure before gains on investments</b>					
		<b>(207)</b>	<b>8</b>	<b>(199)</b>	<b>-</b>
Property revaluation loss	14	(70)		(70)	(100)
Realised gain on investment		63	132	195	
Net unrealised gain on investment	9.2	58	120	178	(69)
<b>Total net gain/(loss) on investments &amp; revaluation</b>		<b>51</b>	<b>252</b>	<b>303</b>	<b>(169)</b>
Net income/(expenditure)		(156)	260	104	-
Transfer between funds		10	(10)	-	-
<b>Net movement in funds</b>		<b>(146)</b>	<b>250</b>	<b>104</b>	<b>(169)</b>
<b>Reconciliation of funds:</b>					
Funds brought forward	14	39,797	1,050	40,847	41,016
<b>Total funds carried forward</b>		<b>39,651</b>	<b>1,300</b>	<b>40,951</b>	<b>40,847</b>



## ESU GROUP BALANCE SHEET

£'000's	Note	Consolidated		ESU Charity	
		2021	2020	2021	2020 (restated)
<b>Fixed assets</b>					
Intangible assets	8	129	172	129	172
Tangible assets	8	11,480	11,768	11,480	11,768
Investments	9	28,904	28,696	28,904	28,696
<b>Total fixed assets</b>		<b>40,513</b>	<b>40,636</b>	<b>40,513</b>	<b>40,636</b>
<b>Current assets</b>					
Stock		-	-	-	-
Debtors	10	257	485	103	475
Cash at bank and in hand		819	334	814	329
<b>Total current assets</b>		<b>1,076</b>	<b>819</b>	<b>917</b>	<b>804</b>
<b>Creditors</b>					
Amounts falling due within one year	11	638	608	579	770
<b>Net current assets/(liabilities)</b>		<b>438</b>	<b>211</b>	<b>338</b>	<b>34</b>
<b>Net assets</b>		<b>40,951</b>	<b>40,847</b>	<b>40,851</b>	<b>40,670</b>
<b>Funds</b>	15				
<b>Restricted funds</b>					
Endowments		629	541	629	541
Restricted funds		671	509	671	509
<b>Total</b>		<b>1,300</b>	<b>1,050</b>	<b>1,300</b>	<b>1,050</b>
<b>Unrestricted funds</b>					
Designated funds		38,034	38,276	38,034	38,276
General funds		1,617	1,521	1,517	1,344
<b>Total</b>		<b>39,651</b>	<b>39,797</b>	<b>39,551</b>	<b>39,620</b>
<b>Net funds</b>		<b>40,951</b>	<b>40,847</b>	<b>40,851</b>	<b>40,670</b>

These financial statements were approved and authorised for issue by the Trustees on 5 November 2021 and signed on their behalf by



Miles Young  
Chairman

## CONSOLIDATED STATEMENT OF CASH FLOW

	Note	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
<b>Cash flows from operating activities:</b>		<b>180</b>	<b>85</b>
<b>Cash flows from investing activities</b>			
Investment income	2.4	60	58
Purchase of property, plant and equipment	8	(5)	(32)
Proceeds from sale of investments		250	-
<b>Net cash provided by investing activities</b>		<b>305</b>	<b>26</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>485</b>	<b>111</b>
Cash and cash equivalents at the beginning of the reporting period		334	223
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>819</b>	<b>334</b>

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

	Note	Year ended 31 March 2021 £'000	Year ended 31 March 2020 (£'000)
Net deficit for the reporting period		(199)	-
Depreciation charges	8	163	171
Loss on fixed asset write-off		3	6
Management fees on portfolio		15	13
(Increase)/decrease in debtors		227	127
(Decrease)/increase in creditors		31	(177)
Decrease/(increase) in stock		-	3
Investment income		(60)	(58)
<b>Net cash provided by/(used in) operating activities</b>		<b>180</b>	<b>85</b>

## Analysis of cash and cash equivalents

	2021 £'000	Movement £'000	2020 £'000
<b>Cash at bank and in hand</b>	<b>819</b>	<b>485</b>	<b>334</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

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

#### **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.

#### **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 an external valuation commissioned by the Trustees as at 31<sup>st</sup> March 2021. The valuation was based on an independent assessment by a professional external firm of property specialists. Given 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. 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> 2021 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.

### **Going concern basis**

The COVID-19 pandemic has hit the charity hard. We estimate that more than 90% of our income will be disrupted or even lost as a result. 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, detailed forecasts and projections have been prepared and these indicate that the charity continues to be able to operate within the arranged overdraft with its bankers. However, as with all overdraft facilities, it is subject to annual review and can be cancelled at any time. The next annual review is in November 2022 although the Trustees have no reason to believe it will not be renewed.

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 issue facing the ESU 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.

### **Group financial statements**

The financial statements consolidate the results of the Charity and its wholly owned subsidiaries 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.

### **ESU Trading Ltd & ESU Dartmouth House Ltd**

ESU Trading Ltd & ESU Dartmouth House Ltd are incorporated as companies limited by guarantee and do not have share capital. Both are wholly owned subsidiaries. A Gift Aid payment is made to the ESU each year equivalent to the taxable profit of each. ESU Trading Ltd provides catering facilities in Dartmouth House. ESU Dartmouth House Ltd holds the lease for the bedrooms above Dartmouth House.

### **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 are not consolidated.

### **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.

## 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, including 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 and audit fees.
- 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.

## 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 recognises that at the date of the valuation there was some uncertainty due to market disruption caused by the direct and indirect impacts of the Coronavirus. Under the circumstances, the board has used a leading independent chartered surveyor to provide an external professional valuation to 31st March 2021.

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).

### - Works of art

Various works of art are held by the charity at market value. No depreciation is charged.

### **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

### **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.

### **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.

### **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, excluding the share portfolio.

### **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.

### **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 recognised at their settlement amount after allowing for any trade discounts due.

### **Operating leases**

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

### **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.

### **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.

### **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.



### 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 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.

### Benefits in kind

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

### 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 2021

## 2. INCOME NOTE

### 2.1 Donations and legacies

	<i>Unrestricted</i> funds £'000	<i>Restricted &amp; endowment</i> funds £'000	2021 £'000	Unrestricted funds £'000	<i>Restricted &amp; endowment</i> funds £'000	2020 £'000
Donations	32	10	42	113	-	113
Government Grants	185		185	-		-
<b>Total</b>	<b>217</b>	<b>10</b>	<b>227</b>	<b>113</b>	<b>-</b>	<b>113</b>

### 2.2 Charitable activities

	<i>Unrestricted</i> funds £'000	<i>Restricted &amp; endowment</i> funds £'000	2021 £'000	Unrestricted funds £'000	<i>Restricted &amp; endowment</i> funds £'000	2020 £'000
Income from programmes & events	11	103	114	134	118	252
Income from branches	10	3	13	92	5	97
Educational facilities & placements (gifts in kind)		-	-		394	394
Membership subscriptions	174	-	174	213	-	213
<b>Total</b>	<b>195</b>	<b>106</b>	<b>301</b>	<b>439</b>	<b>517</b>	<b>956</b>

### 2.3 Trading activities

	<i>Unrestricted</i> funds £'000	<i>Restricted &amp; endowment</i> funds £'000	2021 £'000	Unrestricted funds £'000	<i>Restricted &amp; endowment</i> funds £'000	2020 £'000
Catering commission	-	-	-	384	-	384
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>384</b>	<b>-</b>	<b>384</b>

### 2.4 Investments

	<i>Unrestricted</i> funds £'000	<i>Restricted &amp; endowment</i> funds £'000	2021 £'000	Unrestricted funds £'000	<i>Restricted &amp; endowment</i> funds £'000	2020 £'000
Rental income	1,504	-	1,504	1,504	-	1,504
Investments income	19	41	60	21	37	58
Recharges	57	-	57	44	-	44
<b>Total</b>	<b>1,580</b>	<b>41</b>	<b>1,621</b>	<b>1,569</b>	<b>37</b>	<b>1,606</b>
<b>Total income</b>	<b>1,992</b>	<b>157</b>	<b>2,149</b>	<b>2,505</b>	<b>554</b>	<b>3,059</b>

### 3 TRADING SUBSIDIARIES

#### 3i ESU Trading Ltd

	2021 £'000	2020 £'000
Turnover	-	384
Cost of sales	-	(4)
<b>Gross profit</b>	<b>-</b>	<b>380</b>
Administrative expenses	-	(208)
<b>Profit before taxation</b>	<b>-</b>	<b>172</b>
<b>Summary of assets and liabilities are as follows:</b>		
Assets	62	187
Liabilities	(43)	(15)
<b>Net assets</b>	<b>19</b>	<b>172</b>
Distributions to parent charity under gift aid	-	158

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.

#### 3ii Dartmouth House Limited

ESU Dartmouth House Ltd is responsible for the "bedroom lease" the lease to floors 2,3 and 4 above Dartmouth House. The company was formed on 21<sup>st</sup> December 2020 as a wholly owned subsidiary of the charity to be the "Competent Landlord." Income is earned on rents received from the tenant, and costs are due to the parent in proportion to such receipts. ESU DH Ltd covenants any profits to the charity.

	2021 £'000
Turnover	81
Cost of sales	(73)
<b>Gross profit</b>	<b>8</b>
Administrative expenses	4
<b>Profit before taxation</b>	<b>4</b>
<b>Summary of assets and liabilities are as follows:</b>	
Assets	147
Liabilities	143
<b>Net assets</b>	<b>4</b>
Distributions to be paid to parent charity under gift aid	4

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## 4. EXPENDITURE

### 4.1 Charitable activities

	Direct costs £'000	Support costs £'000	2021 £'000	2020 £'000
Education programme and scholarships	307	964	1,271	1,317
Educational facilities and placements	-	-	-	395
International development	22	110	132	108
Membership and branches	43	386	429	340
Governance (note 7)	75	436	511	177
<b>Total</b>	<b>447</b>	<b>1,896</b>	<b>2,343</b>	<b>2,337</b>

### 4.2 Raising funds

	Direct costs £'000	Support costs £'000	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Fundraising costs	-	5	5	298
Trading	-	-	-	424
<b>Total</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>722</b>

<b>Total expenditure</b>	<b>447</b>	<b>1,901</b>	<b>2,348</b>	<b>3,059</b>
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## 5 SUPPORT COSTS

	Finance, HR & digital £'000	Communications & publicity £'000	Facilities & management £'000	2021 £'000	2020 £'000
<b>Overhead allocation</b>					
Education programme and scholarships	219	27	718	964	543
Educational facilities and placements	-	-	-	-	9
International development	25	3	82	110	9
Membership and branches	88	11	287	386	165
Governance	100	8	328	436	130
<b>Sub-total charitable to activities</b>	<b>432</b>	<b>49</b>	<b>1,415</b>	<b>1,896</b>	<b>856</b>
Fundraising	-	5	-	5	195
Trading	-	-	-	-	208
<b>Sub-total to fundraising &amp; trading</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>403</b>
<b>Total support costs</b>	<b>432</b>	<b>54</b>	<b>1,415</b>	<b>1,901</b>	<b>1,259</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 2021	Year ended 31 March 2020
Charitable activities	4	6
Income generation	-	3
Support	6	8
<b>Total permanent full-time staff</b>	<b>10</b>	<b>17</b>

Mentors \* - 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 2021 £'000	Year ended 31 March 2020 £'000
Salaries	501	852
Redundancy costs	42	7
Employers' National insurance	52	79
Employers' pension contributions	42	59
<b>Total</b>	<b>637</b>	<b>997</b>

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

### 6.3 Senior employees

	Year ended 31 March 2021 Number	Year ended 31 March 2020 Number
£80,001-£90,000	-	1
£90,001-£100,000	1	-
£100,001-£110,000	-	1
<b>Total</b>	<b>1</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:

	2021 £'000	2020 £'000
<b>Total</b>	<b>188</b>	<b>233</b>

Key management personnel comprise the Director-General and Director of Finance (both staff).

### 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

	2021 £'000	2020 £'000
Trustees' expenses	-	2
Legal and professional	208	23
Audit fees	24	22
Other payments to auditors (VAT advisory costs)	13	-
<b>Total</b>	<b>245</b>	<b>47</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 £134 (2019/20: £1,514) were directly incurred and reimbursed to 1 Trustee (2019-20: 6).

## 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 2020	10,470	1,201	348	496	325	12,840	215	13,055
Additions	-	5	-	-	-	5	-	5
Disposals	-	(67)	(308)	-	(143)	(518)	-	(518)
Revaluations	(170)	-	-	-	-	(170)	-	(170)
<b>At 31 March 2021</b>	<b>10,300</b>	<b>1,139</b>	<b>40</b>	<b>496</b>	<b>182</b>	<b>12,157</b>	<b>215</b>	<b>12,372</b>
<b>Depreciation/ amortisation</b>								
At 31 March 2020	-	479	330	-	263	1,072	43	1,115
Charged in the year	-	74	10	-	36	120	43	163
Disposals	-	(67)	(305)	-	(143)	(515)	-	(515)
<b>At 31 March 2021</b>	<b>-</b>	<b>486</b>	<b>35</b>	<b>-</b>	<b>156</b>	<b>677</b>	<b>86</b>	<b>763</b>
<b>Net book value</b>	<b>10,300</b>	<b>653</b>	<b>5</b>	<b>496</b>	<b>26</b>	<b>11,480</b>	<b>129</b>	<b>11,609</b>
At 31 March 2020	10,470	722	18	496	61	11,768	172	11,940

The functional property was revalued by the Trustees at 31<sup>st</sup> March 2021 by an independent expert. 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)

	2021	2020
Market value at 1 April	27,100	27,100
Unrealised gains on revaluation	100	-
<b>Market value at 31 March</b>	<b>27,200</b>	<b>27,100</b>

The investment property was valued by the Trustees at 31<sup>st</sup> March 2021. 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)

	2021	2020
Market value at 1 April	1,597	1,679
Disposal proceeds	(250)	-
Investment managers' (fees)-netted off unrealised gains	(15)	(13)
Investment held in cash	-	-
Realised profit on investments	194	-
Unrealised gain/(loss) on investments	178	(69)
<b>Market value at 31 March</b>	<b>1,704</b>	<b>1,597</b>
<b>Market value of all investments at 31 March</b>	<b>28,904</b>	<b>28,697</b>
Historical cost at 31 March	1,246	1,302

### 9.3 Material investments

There were no material investments in the year.



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10 **DEBTORS** (£'000's)

	Consolidated		ESU Charity	
	2021	2020	2021	2020
Trade debtors	975	380	821	380
Bad debt provision	(750)	-	(750)	-
Sundry debtors	-	21	-	21
Amounts owed by trading subsidiary	-	-	-	-
Prepayments and accrued income	32	84	32	74
<b>Total</b>	<b>257</b>	<b>485</b>	<b>103</b>	<b>475</b>

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

	Consolidated		ESU Charity	
	2021	2020	2021	2020
Trade creditors	65	51	65	51
Sundry creditors	120	62	120	62
Subscriptions in advance	60	80	60	80
Amounts owed to trading subsidiaries	-	-	50	15
Tax and Social Security	-	19	-	19
Deferred income	399	389	290	389
VAT payable/(reclaimable)	(6)	7	(6)	(4)
<b>Total</b>	<b>638</b>	<b>608</b>	<b>579</b>	<b>612</b>

12 **OPERATING LEASE COMMITMENTS**

At 31<sup>st</sup> March 2021, the Charity had annual commitments in respect of operating leases of office equipment which expire in the period shown, as follows.

£'000's	2021	2020
Within one year	3	4
Two to five years	-	-
<b>Total</b>	<b>3</b>	<b>4</b>

The lease relates to a photocopier. The term was extended for another year in 2021.

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### 13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Current year (£'000's)	Unrestricted funds	Restricted & endowment funds	Total 2021
Fixed assets	11,609	-	11,609
Investment property	27,200	-	27,200
Other investments	404	1,300	1,704
Net current assets/(liabilities)	438	-	438
<b>Total net assets</b>	<b>39,651</b>	<b>1,300</b>	<b>40,951</b>

#### 13.1 Prior 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>

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**14. FUNDS** (£'000's)

Current Year	Opening balance 31 March 2020	Incoming resources	Outgoing resources	Unrealised loss on investments & revaluation of fixed assets	Transfer between funds	Balance at 31 March 2021
<b>Endowment funds</b>						
Expendable	342	13	(27)	80		408
Permanent endowment	199	-	-	23		222
<b>Total</b>	<b>541</b>	<b>13</b>	<b>(27)</b>	<b>103</b>		<b>630</b>
<b>Restricted funds</b>						
Branch funds	39	2	(3)	11		49
Exchange programmes	25	1	-	6		32
Fellowship funds	126	104	(109)	25		146
Education funds	13	21	(5)	29		58
Music funds	25	3	(2)	7		33
Scholarship funds	281	13	(2)	70	(10)	352
<b>Total</b>	<b>509</b>	<b>144</b>	<b>(121)</b>	<b>138</b>		<b>670</b>
<b>Unrestricted funds</b>						
Designated funds	38,276	-	(171)	(70)		38,035
General funds	1,349	1,912	(2,029)	122	10	1,364
Trading funds	172	80	-	-		252
<b>Total</b>	<b>39,797</b>	<b>1,992</b>	<b>(2,200)</b>	<b>62</b>		<b>39,651</b>
<b>Total funds</b>	<b>40,847</b>	<b>2,149</b>	<b>(2,348)</b>	<b>303</b>		<b>40,951</b>

In the year, the branch chair of Chester branch authorised a transfer of £10k from the ESU Chester Scholarship Fund to ESU General Funds to be spent on educational speech and debate activities for young people .

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**14.1 Prior year 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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## 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 RB0005-Hastings branch-£2k RB0001-Nurses Work Shadow Fund(£2k)	Used to fund education at branch level
	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