

ESCP EUROPE - BUSINESS SCHOOL

England & Wales · Charity number 293027

Details

Other names	ESCP - EAP EUROPEAN SCHOOL OF MANAGEMENT, ESCP - EAP-EUROPEAN SCHOOL OF MANAGEMENT
Status	Registered
Legal form	Charitable company
Company number	01876779
Registered	1985-11-15
Register	View on the Charity Commission register

Contact

Address	E S C P Europe Business School 527 Finchley Road London NW3 7BG
Phone	02074438820
Email	sbertrand@escpeurope.eu
Website	www.escpeurope.eu

Activities

Objects: 1. TO ADVANCE THE EDUCATION OF THE PUBLIC IN THE SCIENCE AND PRACTICE OF PROFESSIONAL MANAGEMENT IN A EUROPEAN CONTEXT; 2. TO CONDUCT STUDY AND RESEARCH IN PROFESSIONAL MANAGEMENT IN A EUROPEAN CONTEXT AND RELATED SUBJECTS AND TO PUBLISH THE USEFUL RESULTS OF SUCH STUDY AND RESEARCH.

Activities: Post Graduate Higher Education Teaching, Research and Executive Education

Classification

- **How:** Provides Services, Sponsors Or Undertakes Research
- **What:** Education/training
- **Who:** Other Defined Groups

Geography

- Camden

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£17,074,771	£17,441,187	£162,388	111
2023-12-31	£14,532,734	£11,710,946	£528,804	94
2022-12-31	£11,810,466	£13,513,924	£-2,292,984	141
2021-12-31	£12,559,241	£14,425,469	£-589,526	128
2020-12-31	£11,366,381	£10,286,852	£1,276,702	121

Trustees

Name	Role	Appointed
LORD DAVID GOLD	Chair	2018-06-19
Cecile ANDRE LERUSTE		2023-07-05
Damien Savary		2022-06-28
Hobilalaina BUVAT		2025-07-01
Joelle Lellouche		2017-06-13
Julia CLARKE		2025-07-01
Leon Laulusa		2023-03-28
Nathalie PIERRE		2023-12-12
Nicolas Motelay		2025-07-01
Thomas Jeanjean		2021-06-01

ESCP EUROPE - BUSINESS SCHOOL

England & Wales - Charity number 293027

Accounts



ESCP EUROPE BUSINESS SCHOOL

Annual Report and Financial
Statements

31 December 2024



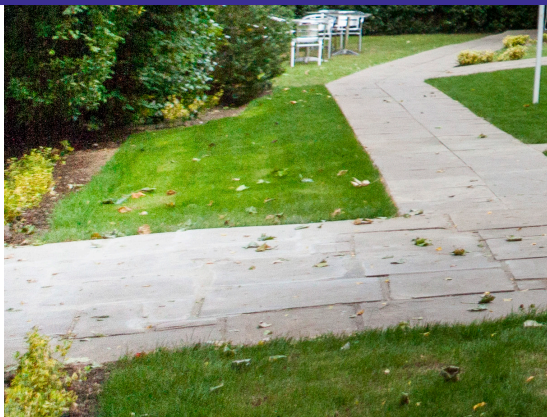
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Introduction

This report and financial statements reflect the activities of ESCP Europe Business School, the London Campus of ESCP. ESCP Europe Business School legally refers to the company registered at Companies House under company number 1876779 and the name “ESCP Europe-Business School”. The commercial name of the entity is ESCP Business School since late 2019.

The ESCP London Campus (or the “Charity”) is a part of EESC ESCP Europe (the “School” and/or “EESC”), which is both a leading school of international management and a major European Higher Education institution. EESC ESCP Europe was founded in Paris in 1819 and has since educated generations of leaders, contributing to its fine reputation today. Six campuses in Berlin, London, Madrid, Paris, Turin and Warsaw are the stepping stones that allow students to experience this European approach to management. Over the past 200 years, generations of entrepreneurs and managers have been trained in the firm belief that the business world can positively feed into society. This conviction and EESC ESCP Europe’s values - excellence, singularity, creativity and plurality - guide the School’s mission and build its pedagogical vision daily.

Each year, EESC ESCP Europe welcomes over 11,000 students and 6,000 managers from 136 different nationalities. Its strength lies in its many business training programmes, both general and specialised (Bachelor, Master, MBA, Executive MBA, PhD and Executive Education), all of which include a multi-campus experience.

EESC ESCP Europe is multi-accredited, with AACSB, EQUIS, EFMD MBA, EFMD EMBA, and five European Higher Education accreditations. The School goes through numerous accreditation processes each year, guaranteeing the quality of its programmes and supporting its commitment to continuous improvement.

In 2019, the Charity was registered as a Higher Education provider in the Office for Students Register of Higher Education Providers. Since then, the charity has been following the OfS Accounts Direction, setting out the information that providers are required to include in their audited financial statements. In May 2024, ESCP London Campus was granted the authority by the Office for Students (OfS) to confer Taught awards for an initial period of three years, effective on 2 September 2024.

The portfolio of educational offerings includes the following programmes:

- Master in Management (MiM)
- Specialised Masters (multiple full-time programmes)
- MBA in International Management
- EMBA Programme (Executive MBA)
- Bachelor (BSc.) in Management

Introduction

EESC ESCP Europe is committed to providing executive education alongside its degree programmes, offering custom and open enrolment programmes annually across its campuses.

The School's excellence in higher education is consistently recognised in international rankings. The Financial Times ranks flagship programmes such as the Master in Management (MIM) and Master in Finance (MIF) among the top six globally, while EESC ESCP Europe is among the top five business schools across its six campus countries.

In the 2024 rankings, EESC ESCP Europe further strengthened its position in the UK, placing among the top two for the EMBA, MIF, and MIM. Additionally, the Financial Times European Business Schools Rankings placed the School fifth in Europe in December 2024. The MSc in Marketing and Creativity (MMK) maintained its fourth worldwide position in the QS Business Masters Rankings 2024 (Marketing category) for the third consecutive year.

In 2024, ESCP London Campus was shortlisted for the UK Business School of the Year award by Times Higher Education. Additionally, it received recognition in two categories at the Independent Higher Education Awards: Advancing International Education and Empowering Student Voice, winning the latter.

The School has 150 academic alliances in Europe and the world in 50 countries. There are more than 85,000 alumni active in over 190 countries.

Research is a major priority at EESC ESCP Europe. The team of 200 international Faculty members are constantly striving to create new knowledge. The aim is to bring new insights to the global academic community and provide innovative content for teaching and business practice.

Until 31 December 2017, EESC ESCP Europe was part of the Chambre of Commerce and d'Industrie of Paris Region Ile-de-France (the CCIR). From January 2018, the parent company and sole member of the Charity is the EESC ESCP Europe.

EESC ESCP Europe (located at 2, rue Armand Moisant - 75015 - Paris - France), is an institution with a specific legal status and form named EESC (Etablissement d'Enseignement Supérieur Consulaire) since the 1st of January, 2018. EESC ESCP Europe is a French autonomous non-profit legal person, subsidiary of the CCIR which is its shareholder at 99.99% and which controls the majority of the voting rights at EESC ESCP Europe's Board. Therefore, CCIR remains the ultimate parent entity. The CCIR itself is a French administrative public body

Company Information

Trustees

David **Gold** (Chairman) (*)

Cecile **Andre-Leruste**

Rodney **Eastwood**

Laurent **Feniou**

Thomas **Jeanjean**

Leon **Laulusa**

Joelle **Lellouche**

Laurence **Milsted** (*)

Nathalie **Pierre** (*)

Damien **Savary**

(*) Member of the Audit & Risk Committee

The Etablissement d'Enseignement Supérieur Consulaire ESCP Europe (« EESC ESCP Europe ») is the sole member of the Charity. Membership is explained in note 14 to the financial statements.

Registered office:
Registration number:
Website:

527 Finchley Road, Hampstead, London NW3 7BG
SIRET 824 644 587 00027
www.escp.eu

Principal professional advisers

Bankers

Barclays Bank Plc, Oxford City Office, PO Box 333, Oxford OX1 3HS

Solicitors

Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN

Insurer

Zurich Municipal, Zurich House, 2 Gladiator Way, Farnborough, Hampshire GU14 6GB

Chartered accountants and statutory auditors

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

Trustees' Report, including Strategic Report

The Trustees present their Trustees report, which incorporates the requirements of the Directors' report and Strategic Report for the year ended 31 December 2024, together with the group's audited financial statements for the year. Pages 5 to 9 incorporate the requirements of the strategic report.

Reference and administrative information

The Charity, a company limited by guarantee, was founded in 1985 and is registered with the Charity Commission in England and Wales under Charity number 293027. The Trustees and address of the Charity are listed on page 3. Particulars of the Charity's professional advisers are also given on page 3.

The Charity was established in the UK with the support of the CCIR in pursuit of its mission of providing education and training in Business Management. It is the London Campus of a six-campus school, with the other centres being Berlin, Madrid, Paris, Torino and Warsaw. Since 2 January 2018, the immediate parent company and sole member of the Charity is the EESC ESCP Europe, owned by the Charity's ultimate parent company, the Chambre de Commerce et d'Industrie Paris Region Ile-de-France (the "CCIR"). The EESC ESCP Europe provides rent-free facilities to the Charity.

Structure, governance and management

This section of the Trustees' report, along with the responsibility statement on page 17, incorporates the requirements of the statements of corporate governance and internal controls required by the OfS Accounts Direction. This covers the year covered by the financial statements and the period up to the date of approval of the audited financial statements.

Governing Document

The Charity is governed by its Memorandum and Articles of Association.

Governing Body

The Charity is governed by its Trustees.

Recruitment of Trustees

The Charity's Trustees are appointed following a Trustees' recruitment policy defined by the Charity's Governance Committee. Trustees are selected based on their knowledge in a specific field, and the Trustee skill register is reviewed on a regular basis.

Organisational Management

The Trustees of the Charity are legally responsible for the overall management and control of the Charity. The Trustees hold Boards of Trustees four times a year and an Annual General Meeting to approve the annual report and financial statements. ESCP Europe Corporate Services Limited (the "Trading") holds separate Boards of Directors three times a year.

The Audit and Risk Committee meets at least twice a year to review the annual report and financial statements, the accounting systems, the internal controls and audits thereof, and other significant issues.

Trustees' Report, including Strategic Report

The Reward and Remuneration Committee meets once a year to review the framework for the remuneration and terms and conditions of employment of the key management personnel of the Charity. In line with good practice, a range of benchmarking assesses the current positioning of our key management's pay in the market, including independent higher education institutions and business schools. It ensures that the reward policy of the Charity is appropriate to attract and motivate those individuals to achieve the long-term targets of the Charity.

The Governance Committee meets twice a year to discuss any governance-related matter and to ensure Board effectiveness.

The Charity operates within the national (UK) framework for higher education provision. Prior to 2019, regulatory control was exercised by a national quality assurance agency: the QAA. The Charity successfully met all QAA requirements as an alternative/private provider and, in 2019, registered as a higher education provider with the newly established Office for Students (OfS) under the new regulatory framework for higher education management in the UK. In 2020, the Charity undertook the initial stages of the Full Degree Awarding Powers (DAP) review process, which was granted in May 2024 for an initial period of three years, effective on 2 September 2024.

The ESCP London Campus has a Senior Management Board ("SMB", led by the Campus Dean) providing strategic and operational control of the business and administration side of the Campus within the parameters of the EESC ESCP Europe governance model. SMB is supported by several subsidiary committees and local governance mechanisms, some of which are subsidiary committees to federal organs.

With respect to supervisory control and governance, the London Board of Trustees (with EESC representation) operates with the addendum of a Corporate Services Board, an Audit & Risk Committee, a Reward & Remuneration Committee and a Governance Committee (see above).

Risk Management and internal control

The Trustees receive and consider reports from the OfS as they affect the Charity's business and monitor adherence to the regulatory requirements, which includes compliance with the OfS's ongoing conditions of registration.

The Trustees of the Charity are responsible for the management of the risks faced by the Charity. Detailed risk considerations are delegated to the Audit and Risk Committee, which is assisted by the senior management. Risks are identified and assessed, and controls are reviewed throughout the year. A formal review of the Charity's risks and their mitigation is undertaken on a termly basis at the Trustee meetings and in a more detailed manner twice a year at the Audit and Risk Committee meetings. Through the risk management processes established for the Charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Trustees' Report, including Strategic Report

Amongst the major risks and uncertainties which the Trustees seek to mitigate at all times, the Trustees try to ensure that:

- business continuity is ensured through appropriate levels of activity, recruitment and commercial performance;
- statutory obligations are met, and compliance actions are undertaken; and
- financial plans and targets are suitably framed and executed.

The Board of Trustees is also committed to ensuring that the Charity:

- continues to recruit and retain high-quality academics to achieve its research aims and teaching goals;
- manages realistically its enrolment targets;
- delivers the courses to which it is publicly committed and at an appropriate standard; and
- maintains its estate and facilities suitably, considering immediate actions to ensure compliance with all regulatory health and safety requirements and expansion needs in the light of the anticipated growth of the student cohorts in the medium and long term.

Mitigation of these risks is through regular management team meetings and termly Trustees' meetings typified by reports on:

- student experience and student satisfaction: assessed at periodic intervals through minuted meetings with students' representatives and implementation and analysis of students' satisfaction surveys;
- student recruitment: monitored on a monthly basis by the Admissions team, feeding back reporting to the School's local and federal management and allowing live updates of all financial forecasts;
- staffing requirements: fully understood through termly Professional Resources Committees ("PRCs") reporting to the SMB;
- progress against financial objectives: subject a quarterly exhaustive reporting submitted to the federal centre assessing performance against budget and campus set targets; and
- estate emergency and maintenance plan: reviewed through regular discussions held with the Freeholder to allow the Campus to communicate and address the needs of the student population and the development of its estate.

The key elements of the Charity's system of risk identification and management include:

- the integration of planning, risk, KPIs and other performance indicators to provide an efficient reporting and control mechanism;
- the management of risk at a strategic level to ensure that a full picture of risks is available and that significant risks are escalated to the appropriate level;
- business continuity and emergency management, ensuring plans are in place which would address any disaster and emergency situation;
- ensuring that all risks have appropriate ownership so that risks can be controlled appropriately and
- report at least twice a year to the Audit and Risk Committee, which assures the Board of the effectiveness of internal control and risk management arrangements.

System of internal control and financial statements

In accordance with the Scheme of Reserved and Delegated matters, the Board is responsible for the administration and management of the Charity, including ensuring an effective system of internal control and adopting audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the Charity's financial position and enable it to ensure that the financial statements are prepared in accordance with relevant accounting standards.

The system of internal control is based on an ongoing process designed to identify the principal business, operational, compliance and financial risks; to evaluate the nature and extent of those risks; and to manage them efficiently and effectively. This process was in place for the year that ended 31 December 2024, and up to the date of the approval of the financial statements and in accordance with OfS guidance, there were no significant control weaknesses that should be disclosed.

The key elements of the Charity's system of internal control include:

- short-term and medium-term planning processes, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- the attendance of the Charity's external auditors at each meeting of the Audit and Risk Committee, where through their work, they share their views on areas for improvements in internal control;
- defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approval limits set by the Board; and
- an internal financial control manual updated every year, detailing financial controls and procedures.

Any system of internal control or risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

Having reviewed all available evidence, the Trustees have satisfied themselves with the adequacy of internal controls for the period 1st January 2024 to the date of signing of the financial statements.

Charitable Objects

The Charity's Objects, as set out in its Memorandum and Articles of Association, are the advancement of education in the science and practice of professional management in a European context. The Charity seeks to provide education and research in professional management and related subjects and to publish the useful results of such activity for public benefit. The Charity wholly owns ESCP Europe Corporate Services Limited, the objects of which are to carry on business as providers of executive education and training. The subsidiary's performance for 2024 is given in note 3 to the financial statements.

Strategy

In early 2022, a new 2022-2025 Strategic Plan was rolled out to support the development of all ESCP sister campuses around the themes of Choices and Experiences. A bottom-up approach was taken to develop this strategy, involving the entire ESCP community, with a mission to inspire and educate responsible leaders of the future. This initiative would provide students with greater access to digital and international campus experiences, as well as increased exposure to companies.

With the ambition to support the Federal Strategic Plan as defined above, the London Campus developed its Strategic Plan in 2022 on the following priorities: stabilised growth, integration into the UK business ecosystem and creation of social and environmental impact.

Stabilised growth

Stabilised growth includes identifying and measuring key success factors in different aspects of the business, particularly market positioning, talent attraction, retention, and development. This strategy requires student numbers to grow steadily while the quality of education is maintained and improved. The key feature of this strategy is to move beyond educational experience and enhance the lifetime interaction between students/alumni and the School.

Integration into the UK Business Ecosystem

The strategy aims to establish the ESCP brand within the UK academic and business environments. Degree Awarding Powers, granted in 2024, was one of the key priorities under this strategy. Further important initiatives include a) the establishment of a UK visa route in local and Federal programmes to enable students to apply for the Graduate Visa and work in the UK after graduation; b) the addition of Year 3 Bachelor in Management students to the London Campus; c) further integration into the local rankings; and d) the enhancement of the Executive Education, Corporate Relations and Career Services divisions which will aim to build/strengthen partnerships with UK-based businesses.

Creation of Social and Environmental Impact

The strategy includes a range of initiatives that create and develop ideas and solutions that have a positive impact on social and environmental sustainability. The Charity's Sustainability Committee will identify sustainability opportunities and challenges. Other initiatives will seek to inspire and educate future leaders in line with the School's first priority of taking part in the experience of our 21st-century challenges.

These will include a) putting sustainability and ESG at the heart of our Campus model by ensuring sustainability literacy for all (professors, students, staff), b) driving research, scholarships and entrepreneurship for societal impact, and c) reframing ESCPs own processes and setting up a dedicated stakeholder council such as Green Deal targets (setting a target of 55% CO2 reduction by 2030, based on an external carbon assessment), Facility Management & Green IT, Green Travel & purchasing policy and staff training on ESG matters; and d) social diversity.

Specialisations

Within the context of the ESCP system of campuses, awards and specialisations, the London Campus will continue to offer specialisations in:

- Marketing & Creativity;
- Digital Transformation;
- Banking, Finance & Investment;
- Responsible Leadership;
- Luxury Management;
- Energy Transition;
- Consultancy & Professional Services; and
- Healthcare and Pharma

Principal activities of the year

Full-Time Degree Education

In 2024, the London Campus successfully delivered face-to-face teaching as part of 12 full-time degree awards to ~1,400 students.

The programmes included:

- the MBA, BSc, and MSc in Management (as Federal rotational programmes);
- the MSc in Marketing and Creativity, MSc in Energy Management and MSc in Digital Transformation Management and Leadership (as local MSc programmes with one term or semester on a sister campus); and
- the MSc in Finance, MSc in International Business Law and Management, and MSc in Biopharmaceutical Management, plus three additional visiting Masters.

Part-Time Degree Education

During 2024, the provision of Executive Masters part-time degree education continued to be driven by the EMBA programme. It benefited from the boost generated by the continuation of the London online and blended Executive Master in the Future of Energies ("EMFE").

In addition to Charity's degree-based education, the Charity and its Trading subsidiary delivered customised educational programmes, responded to a number of RFPs and pursued the offer of short modular courses, master classes, and company consultancy projects.

External links

In the year 2024, the School has been an active member of the UK's Chartered Association of Business Schools (CABS), the French Chamber of Commerce in Great Britain (CCFGB) and Independent Higher Education (IHE).

The London campus is also home to two business-facing research centres/institutes receiving external support and funding from companies, including L'Oréal. These are the Creativity Marketing Centre (CMC) and the Energy Management Centre (EMC).

Research

As an educational charity and an academic institution, the London Campus endeavours to publish books, academic articles and case studies that receive attention from academics, practitioners and the general public. Highlights for 2024 include:

Publications in listed Peer-Reviewed-Journals:

- 11 publications in world-leading journals;
- 11 articles in internationally excellent journals;
- 6 articles in other peer-reviewed journals; and
- Several articles in professional and academic magazines (e.g., CIPD, World Economic Forum, LSE Business Review, The European: Climate Change Review).

Additionally, in excess of 35 conference and workshop presentations from London faculty members took place in 2024 at national and international academic conferences.

Other research-related outputs include:

- 6 book chapter publications;
- 3 impact papers;
- Guest editorships and positions on editorial boards;
- Reviews and service to scientific communities;
- More than 18 appearances in media and posts in blogs and social media; and
- 2 awards: best reviewer and best paper award.

Trustees' Report, including Strategic Report

Sustainability

The London Campus continues to improve within this area with the strong support of the Social Impact and Sustainability (ESG) Committee members and its delivery body, the ESCP London Green Office, which manages the approved projects across the Campus.

In early 2024, a student representative from AGORA, ESCP's elected student union, joined the London ESG Committee to represent students at the decision-making level. The Committee has determined that a student representative from AGORA will continue to represent students at the Committee meetings as part of the London Campus' efforts to work collaboratively with students to deliver sustainability-related initiatives in an effort to minimise the waste generated on Campus.

Local resource

Since 2004, the operations of the London Campus have been concentrated on a site located in North West London, providing ~4,500 sq.m. The EESC ESCP Europe holds the building freehold. Over the years, the site has undergone several developments, including two extensions and the addition of a new student wing and two temporary classrooms, both completed in 2023. In 2024, additional capacity was created with the conversion of the former library into a classroom and the reconfiguration of an existing classroom, resulting in 130 new seats. A London Estate Masterplan has been produced and will aim to deliver increased study space, teaching space, and infrastructure upgrades and meet all security standards by 2030.

There has been a progressive expansion in the workforce of the Charity to reflect and support its growth. At the end of 2024, full-time faculty numbers are at 27, providing the core of academic support to students. This group is supplemented by over 90 affiliates and visiting faculty. More details on staffing increases are provided in Note 6.

Just over 60 professional services staff members provide resource support and leadership in areas such as finance, HR, marketing, data planning, IT, student services, communications, and events.

With respect to its financial resources, the Charity generated in 2024 annual consolidated revenues of c. £17.1m (2023: £14.5m) without any annual operating subsidy received from the EESC ESCP Europe (excluding rent-free subsidy). While the Charity largely self-funded its operations during the year, it also received from EESC ESCP Europe a £1.0m loan to fund parts of the latest Estate developments and a short-term cash advance of £1.5m to address a shortfall due to cyclical activities. The Charity generated a consolidated loss of £0.4m (2023: £2.8m surplus) at the end of the year. At year-end, the Charity closes the year with consolidated positive funds at £0.2m (2023: £0.5m). More information is provided in the going concern statement.

Public benefit statement

The Trustees have considered the guidance on public benefit published by the Charity Commission. The Trustees believe that increasing the skills, knowledge and understanding of good business management practices provides public benefit since the subject itself is of educational merit, and its dissemination through the student body will then enhance society as a whole.

The Trustees have considered ensuring that ongoing public benefit is a part of the work of the Charity and recognise that scholarship awards are essential in helping to ensure that students who would otherwise not be able to afford the fees can access the education offered by the Charity. Student applications for scholarship awards are available to all those who meet the general entry requirements of the School and are made based on means. Scholarships are available on the school's website. The great majority of scholarships are offered to students at Group level. Those in the Charity's financial statements as a scholarship expenditure are for

Trustees' Report, including Strategic Report

those scholarships granted by the London entity (2024: £166k / 2023: £131k).

The London Campus offers a number of access opportunity scholarships as well as various financial discounts, payment plans and other commercial incentives, allowing students to access higher education at a lower cost and to spread the payment of their tuition fees in exceptional circumstances.

This year, ESCP London Campus also became part of The UAE Government Scholarship list for UAE nationals and The British Columbia (Canada) Government Scholarship list.

In 2024, the donation from the EESC ESCP Europe to the Charity was limited to providing rent-free facilities, allowing the Charity to provide education at a lower cost than would otherwise be possible. This has been shown as a donation and detailed in note 3.

The Charity welcomes students from all backgrounds. Entrance interviews are undertaken to ensure that students can cope with the pace of learning and benefit from the education provided. An individual's gender, ethnicity, race, religion or disability are not part of the recruitment process. The Charity acts as an equal opportunity organisation and is committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. London Campus students regularly engage with local charities and businesses to support various causes (environmentally-friendly sustainability actions, provision of clothing and food to local homeless shelters), seeking to increase the impact of the Charity on its neighbouring community.

The Charity will make reasonable adjustments to meet the needs of staff or students who are or become disabled. The Charity is committed to safeguarding and promoting the welfare of its students and expects all staff to share this commitment.

Public Events

In 2024, ESCP London Campus organised and participated in a range of high-calibre events open to the School's students, alumni community and external guests. These included:

- The Annual London Campus Student Gala;
- 100+ events organised online and in person by both the School and its student societies, including but not limited to Finance Banking Trek, Alumnights, London Universities Sports Leagues (LUSL), Crypto Society Event, book clubs, dance, and chess tournaments; and religious and cultural celebrations;
- Alumni webinars and events, including the Alumni Summer Soiree and DAP celebration at the Parliament;
- Several events during the Intercampus Entrepreneurship Festival (November), which gathered more than 200 participants, students, professionals and alumni, and the summer Jean-Baptiste Say Entrepreneurship Festival;
- Various student challenges and competitions, including the L'Oréal Big Picture Project, #GetActive BUCS British Universities and College Sports, and more;
- C-Suite Series: The European Way, an invited talk with CEOs on the nature of European management practices;
- The Social Impact Festival, exploring the intertwined and complex relationships of social and environmental sustainability to harness the power of interdisciplinary and co-creative collaborations needed for transformational change and impact;
- TEDxESCPLondon Student Speaker Contest
- Energy Management Centre Invited Talks series;
- London Campus Student Awards 2024;
- Student Societies Fair;
- The 8th Alumni & Friends Summer Soirée;
- The Class of 2023 MSc Graduation Ceremony, held for the first time in London for all three London MSc programmes;
- Campus-based Careers Fair; and
- Themed welcome events and parties organised by both the School and student societies to enable students to connect both within and across programmes.
- At the beginning of the 2023/24 academic year, the School also hosted the Inside Out Project team, taking over 300 portraits of students, staff and faculty over two fun days. This large-scale community event resulted in 135+ portraits on walls around the campus.

Blue Factory Start-Up Incubator

In 2024, the London Campus launched its local Blue Factory team and has made significant strides in enhancing its resources, relationships, and opportunities for student entrepreneurs.

Key achievements include the development of comprehensive marketing resources, such as pitch decks, startup guides, and an ecosystem map of London, providing valuable tools for Federal Blue Factory teams. Additionally, we launched the Blue Factory Podcast Studio, managed by the Student Society, to connect students with entrepreneurial thought leaders, fostering learning and networking. Our focus on brand awareness has led to collaborations with key stakeholders like London & Partners and local councils, strengthening our presence in London's entrepreneurial ecosystem.

On campus, we have established a strong relationship with Programme Directors and introduced initiatives such as the Innovation Challenge with Camden Council, where students tackled real-world problems. To further enhance student engagement, we created the Blue Factory Student Society with 40 active members. The society plays a crucial role in connecting students with alumni, VCs, and universities while supporting the Blue Factory's broader goals. We've also brought on alumni mentors and entrepreneurial advisors through a joint initiative with the Careers team, ensuring meaningful connections and expert guidance for students.

On the commercial front, the Blue Factory piloted service offerings like pitch deck creation, business planning, and financial modelling while also developing schemes such as the Seed Programme and Innovation Funding Programme.

Cooperation with external organisations

In 2024, ESCP London Campus continued to partner with a number of recognised bodies, including:

- City St George's University of London;
- Cranfield University;
- Frankfurt School of Finance and Management;
- The Industry and Parliament Trust;
- The Chartered Association of Business Schools;
- The French Chamber of Commerce in Great Britain; and
- The Franco-British Council.

Related Parties

Related parties include ESCP Europe Corporate Services Limited (the "Trading"), the EESC ESCP Europe, and the other ESCP campuses.

In 2024, the Charity paid c. £1.2m in costs pertaining to the Federal centre (Executive Vice-President, Corporate Relations & Executive Education, Profit-Sharing) (2023: £0.7m). These costs are integrated into the company's statement of comprehensive income and are not recharged to the EESC ESCP Europe.

The statement of comprehensive income showing the local performance is presented on page 42.

In addition to the related parties mentioned above, there are two further related parties.

ESCP Europe Foundation

The ESCP Europe Foundation was created by ESCP Alumni in 2005 and is a French-registered charity. The Foundation supports the School in sustaining its academic excellence and leadership, particularly in key strategic areas such as promoting social diversity and entrepreneurship, developing projects aiming at increasing competitiveness and innovation in France and abroad and implementing innovative teaching methods.

Trustees' Report, including Strategic Report

To achieve its ambitions and financial targets, the Foundation seeks to raise contributions from corporate sources and Alumni via several fundraising campaigns. In 2024, the Foundation raised over £249k (2023: £230k) through the Charity on behalf of other campuses. All sums not specifically attributed to the London Campus were paid back to the Foundation in late December 2024. These sums are not recognised in the finance statements as the Charity acts as an agent.

The ESCP Europe Alumni Association

The ESCP Europe Alumni Association is a separate legal entity from the London Campus itself. It is independent of the Charity and therefore is not consolidated into these financial statements. From a global population of c. 60,000 alumni in 200+ countries, there are some 2,600+ alumni in the UK. The London Campus engages with them regularly through receptions, conferences, invitations to talk to students and support them in finding internships and company projects.

Performance of the Charity

The quality of the School's higher education is recognised annually in the Financial Times Business Education Rankings, with a strong performance in all programme categories and an overall placement of 5th in the 2024 European Business School league table.

Capitalising on the improved rankings of the School in Europe during the year, the Charity consolidated its growth in terms of academic and financial performance, with London Campus remaining one of the favoured destination campuses of ESCP students.

The European Bachelor in Management was taught on Campus from the beginning of the new academic year with a new record number of students hitting our grounds, on a full-time basis, from early September 2024 with 502 students (2023: 389 students), all being taught to face-to-face, with combined revenues of £4.2m.

Executive Masters and Bespoke Executive Education, following the repositioning of the portfolio of Executive Masters and new contracts from returning clients, brought their combined annual income to £2.4m (2023: £1.6m).

The Charity's Trading subsidiary, ESCP Europe Corporate Services Limited, produced an operating surplus for the year of £0.4m (2023: £0.3m) before a gift-aided donation of the same amount to the Charity at year end. The success of our 2024 collaborations will also positively impact 2025 with contract renewals.

Having considered the consolidated financial loss derived by the Charity of £0.4m (2023: £2.8m surplus) and the positive equity of £0.2m (2023: £0.5m) at the end of the year, the Trustees will rely on the letter of financial support from the EESC ESCP Europe to conclude that the Charity is a going concern for the period of 12 to 18 months after the date of signing of the financial statements.

The Trustees remain satisfied with the results of the Charity in 2024 in that context and upon consideration of the levels of free cash flows over the next 12 to 18 months as well as the ongoing possibility for the Charity to access financing from the Federal Centre to meet its liabilities should the need arise.

Development objectives

In line with its strategic priorities described above, the Charity will continue developing and executing its academic and business plans. Significant development objectives for 2025 will include:

- The development of a long-term Campus strategy;
- Further integration within the UK higher education and ecosystem;
- The launch of the London Apprenticeship program;
- The strengthening of executive education and corporate activity pertaining to the Charity (Launch of a new Executive Master) and its trading entity; and
- The modernisation and extension of Campus facilities, alongside significant estate maintenance activities (as commissioned by the EESC).

The Charity continues to aim to:

- strengthen recruitment for its full programme suite;
- build up a first-class Faculty and Affiliate Faculty;
- consolidate the London Campus areas of research expertise;
- encourage new areas of enquiry linked closely to its degree/specialisation offer; and
- promote and advance teaching excellence in alignment with the learning goals and mission of the School.

Reserves policy

Since the end of 2015, the Charity does not hold any restricted funds in its financial statements. Total unrestricted funds at the end of the current year were £0.2m (2023: £0.5m).

As of 31 December 2024, the level of donation from the EESC remains limited to the provision of the free-rent facility of £565k, consistent with the rateable value of the site.

In 2024, further assurance that the Charity is a going concern was provided to the Board of Trustees which assessed the forecast, the availability of financing and cash flow for the next 18 months. A 5-year plan (2025-2029) providing a longitudinal view of the expected cash flows during the period showed further growth in its results and funds position thanks to the London campus being sought after by students and new specialisations added to the local portfolio.

The Charity intends to create a Reserve policy in 2024.

Key management personnel and remuneration policy

The SMB constitutes the grouping of key management personnel of the London Campus.

This group comprises the Dean of Campus, Directors of Professional Services, and a Senior Faculty Representative. The number of people included within key management in 2024 was 6 (2023: 6).

Within this group, Directors are subject to annual pay review via the Charity's Reward and Remuneration Committee (RRC). A number of criteria are used for setting or revising compensation, such as, but not limited to, the nature of the role and responsibilities of each individual, average salaries for comparable positions across the sector, and the trend in pay in recent years. Annual performance reviews may result in the award of performance-based bonuses, salary increments, and/or grade modifications. Note 6 provides details of the remuneration components of the UK Dean.

The senior faculty representatives are subject to the faculty performance evaluations applicable to all faculty, with the exception of the Campus Dean. This process is governed locally by the Campus Faculty Advisory Committee (CFAC).

Financial review and results for the year

On a consolidated basis, the total revenues of the Charity in 2024 increased from £14.5m in 2023 to £17.1m in 2024. This was primarily due to higher numbers of students in the BIM and MIM and improvement from Executive Education activities, which increased by £0.8m, reaching £2.4m in 2024 (2023: £1.6m).

The level of operational donation from the EESC, excluding rent, amounted to £nil, with the provision of rent-free premises from the EESC recognised as a gift in kind of £565k (2023: £550k).

The evolution of the EESC subsidies between 2024 and 2023 is reported in note 3 to the financial statements.

The expenditure for the year totalled £17.4m for 2024 (2023: £11.7m / £15.4m without the pension provision release). The key drivers of this increase are mainly related to larger cohorts of students with a combination of a) a higher academic wage and operative expenses bill, b) increased Federal costs, and c) enhancement of the premises and its facilities to maximise the site capacity.

These activities will continue strengthening the London campus's position in supporting higher student numbers with excellence.

The net consolidated result for the year is a net loss of £0.4m (2023: £2.8m surplus). ESCP Europe Corporate Services Limited generated a surplus of £0.4m (2023: £0.3m), which was then transferred as a gift-aided donation to the Charity.

Going concern

The Board has carefully assessed whether the Charity is a going concern in reference to its financial position, performance and the availability of financing as outlined in the financial review. Particular note has been taken to ensure the assessment is proportionate to the size and level of financial risk and complexity of the organisation. In addition to analysing the current financial position, the Charity prepared a 5-year plan (2025-2029) highlighting the progressive growth in funds, using realistic headcount and investment assumptions for the period. The Trustees' position also relies on the existence of a letter of financial support provided by the EESC.

As of 31 December 2024, the Charity has net consolidated current liabilities of £2.6m (2023: £0.9m), a positive balance of cash of £2.3m (2023: £2m) and a level of borrowing from EESC ESCP Europe of £1.6m (Estate development related). Long-term liabilities are nil, other than borrowing.

Sources of income for the year ahead will be secured through 1/ a growing flow of students recruited at the Federal level and sent to the London Campus, 2/ a sustained recruitment of students for the local masters, and 3/ an increased activity of the executive education. Further investment in the estate will be funded by EESC ESCP Europe. On that basis, the cash flow forecast for the next 18 months reveals positive cash balances throughout the period.

The statement of the Board's responsibilities, the description of the organisation's management, and the review of internal controls summarise the arrangements the Charity has in place for identifying and managing risk.

Taking the above into account, the Trustees have a reasonable expectation that adequate resources exist to continue operations for the foreseeable future and the going concern basis continues to be appropriate for preparing the annual financial statements.

Independent Auditors

Each of the persons who is a trustee at the date of approval of this report confirm that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Trustees on 25th March 2025 and signed on behalf of the Board.



David Gold

Chairman of the Board of Trustees

30 May 2025

Trustees' responsibilities statement

The Trustees (who are also directors of ESCP Europe-Business School for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and the expenditure, of the Charity and the group and of their income and expenditure, gains and losses, and changes in reserves 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 Statement of Recommended Practice: Accounting for Further and Higher Education (2019 edition);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of ESCP Europe-Business School (the "School")

Report on the audit of the financial statements

Opinion

In our opinion, ESCP Europe-Business School's group financial statements and School financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the School's affairs as at 31 December 2024 and of the group's and of the School's income and expenditure, gains and losses and changes in reserves, and of the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise the Consolidated and School Statement of Financial Position as at 31 December 2024; the Consolidated and School Statement of Comprehensive Income, the Consolidated and School Statement of Changes in Reserves, and the Consolidated Statement of Cash Flows for the year then ended; the Statement of Principal Accounting Policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group's and the School's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and School's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Trustees' Report and the Strategic Report included within it, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report and Strategic Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Trustees' Report for the year ended 31 December 2024 is consistent with the financial statements and have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and School and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and the Trustees' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the School for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustees are also responsible for such internal control as they 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 group's and the School'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 intends to liquidate the group or the School or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. 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.

Based on our understanding of the group and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the initial and ongoing conditions of registration of the Office for Students, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and the Office for Students' Accounts Direction (OfS 2019.4). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journals to increase revenue. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud;
- Identification and testing journal entries meeting certain risk criteria, in particular any journal entries posted with unusual account combinations;
- Challenging assumptions and judgements made by management in significant accounting estimates;
- Design of audit procedures to incorporate unpredictability into our testing; and
- Review of financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the School's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the School for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;

Under the Office for Students' Accounts Direction, we are required to report to you, if we have anything to report in respect of the following matter:

- The School's grant and fee income, as disclosed in note 5 to the financial statements, has been materially misstated. We have no matters to report arising from this responsibility.

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the School, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the School financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



David Hagger (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 May 2025

Consolidated and School Statement of Comprehensive Income

For the year ended 31 December 2024

	Notes	2024		2023	
		Consolidated	School	Consolidated	School
		£	£	£	£
Income					
Tuition fees and education contracts	1	14,741,490	14,741,490	12,621,518	12,621,518
Research grants and contracts	2	35,121	35,121	52,714	52,714
Other income	3	2,251,907	1,931,942	1,744,224	1,615,915
Investment income	4	46,253	45,503	120,767	120,188
Total income		17,074,771	16,754,056	14,539,223	14,410,336
Expenditure					
Staff costs	6	8,392,917	8,392,917	7,376,996	7,376,996
Movement on USS provision	6	-	-	(3,777,959)	(3,777,959)
Other operating expenses	8	8,352,053	8,041,331	6,856,165	6,730,491
Release of EESC pension debtor for the year		-	-	793,361	793,361
Depreciation and amortisation	9	538,135	538,135	308,894	308,894
Interest and other finance costs	7	158,082	148,089	159,979	156,766
Total expenditure		17,441,187	17,120,472	11,717,436	11,588,548
(Deficit)/Surplus before tax		(366,416)	(366,416)	2,821,788	2,821,788
Taxation	9	-	-	-	-
(Deficit)/Surplus for the year		(366,416)	(366,416)	2,821,788	2,821,788
Total comprehensive income for the year					
Represented by:					
Unrestricted comprehensive income for the year		(366,416)	(366,416)	2,821,788	2,821,788

All items of income and expenditure relate to continuing activities. The accompanying notes and policies on pages 25 to 42 form part of these financial statements.

Consolidated and School Statement of Changes in Reserves

Consolidated	Income and expenditure reserve		
	General fund	Pension funding	Total
	£	£	£
Balance at 1 January 2023	412,614	(2,705,598)	(2,292,984)
Surplus for the year	116,190	2,705,598	2,821,788
Total comprehensive income for the year	116,190	2,705,598	2,821,788
Balance at 31 December 2023/ 1 January 2024	528,804	-	528,804
Deficit for the year	(366,416)	-	(366,416)
Total comprehensive expense for the year	(366,416)	-	(366,416)
Balance at 31 December 2024	162,388	-	162,388

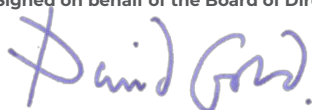
School	Income and expenditure reserve		Total
	General fund	Pension funding	
	£	£	£
Balance at 1 January 2023	412,613	(2,705,598)	(2,292,985)
Surplus for the year	116,190	2,705,598	2,821,788
Total comprehensive income for the year	116,190	2,705,598	2,821,788
Balance at 31 December 2023 / 1 January 2024	528,803	-	528,803
Deficit for the year	(366,416)	-	366,416
Total comprehensive income for the year	(366,416)	-	(366,416)
Balance at 31 December 2024	162,387	-	162,387

Consolidated and School Statement of Financial Position

Notes	As at 31 December 2024		As at 31 December 2023		
	Consolidated	School	Consolidated	School	
	£	£	£	£	
Fixed assets					
Tangible assets	9	4,338,680	4,338,680	2,415,488	2,415,488
Investment in subsidiaries	10	-	1	-	1
		4,338,680	4,338,681	2,415,488	2,415,489
Current assets					
Trade and other receivables	11	2,282,252	2,470,134	2,402,124	2,573,197
Cash and cash equivalents	15	2,320,341	1,645,779	2,355,471	2,038,802
		4,602,593	4,115,915	4,757,595	4,611,999
Less: Creditors;					
Amounts falling due within one year	12	(7,203,885)	(6,717,207)	(5,644,281)	(5,498,687)
Net current liabilities		(2,601,292)	(2,601,294)	(886,686)	(886,688)
Total assets less current liabilities		1,737,388	1,737,387	1,528,802	1,528,801
Creditors: amounts falling due after more than one year	13	(1,575,000)	(1,575,000)	(999,998)	(999,998)
Total net assets		162,388	162,387	528,804	528,803
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		162,388	162,387	528,804	528,803
Total Reserves		162,388	162,387	528,804	528,803

The financial statements of ESCP Europe Business School, registered number 1876779, on pages 20 to 44, were approved and authorised for issue by the Directors on 25th of March 2025.

Signed on behalf of the Board of Directors



Trustee/Director

David Gold

30 May 2025

DocuSigned by:

 FF3E8A064BCD407...
 Trustee/Director

Leon Laulusa

30 May 2025

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024	2023
		£	£
Cash flow from operating activities			
(Deficit)/Surplus for the year before tax		(366,416)	2,821,788
Adjustment for non-cash items			
Depreciation	9	538,135	308,894
Decrease in debtors	11	141,872	121,438
Increase/(decrease) in creditors	12	1,332,923	(75,356)
Increase/(decrease) in pension provision		-	(3,650,554)
Adjustment for investing or financing activities			
Investment income	4	(46,253)	(120,767)
Interest payable	7	64,907	11,584
Cash flows from operating activities		1,665,168	(582,974)
Taxation		-	-
Net cash inflow / (outflow) from operating activities		1,665,168	(582,974)
Cash flows from investing activities			
Investment income	4	46,253	120,767
Payments made to acquire tangible assets	9	(2,391,693)	(1,835,781)
		(2,345,440)	(1,715,013)
Cash flows from financing activities			
Interest paid	7	(64,907)	(11,584)
Receipts from loan facility		950,000	1,200,000
Repayments of loan facility		(239,950)	(78,585)
		645,143	1,109,832
Decrease in cash and cash equivalents in the year		(35,129)	(1,188,154)
Cash and cash equivalents at beginning of the year	15	2,355,470	3,543,625
Cash and cash equivalents at end of the year	15	2,320,341	2,355,470

Statement of Principal Accounting Policies

ESCP Europe Business School is a private company limited by guarantee. It was incorporated on 11 January 1985 and registered with the Charity Commission in England and Wales under Charity number 293027. The registered address of the School is listed on page 3.

Basis of preparation

With effect from 1 January 2024, the Consolidated and School financial statements have been prepared in accordance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2019 edition). This change follows the grant of Degree Awarding Powers by the Office for Students (OfS) in May 2024, positioning ESCP Europe Business School alongside other UK higher education institutions. The transition enhances the relevance, understandability, and comparability of financial statements by aligning with sector standards and OfS reporting requirements. There has been no change to total income, total expenditure and the surplus reported for the year ended 31 December 2023 and no change to net assets as at 31 December 2023 and 31 December 2022, as result of this change. They have also been prepared in accordance with the current Accounts Direction issued by the Office for Students (OfS), the Terms and Conditions of Funding for Higher Education Institutions issued by the Office for Students (OfS 2019.41), and the Companies Act 2006.

The Charity is a public benefit entity as defined by FRS102.

The functional currency of the charity is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The presentation currency is pounds sterling.

ESCP Europe Business School meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. In particular, no School Statement of Cash Flows is presented.

Basis of Consolidation

The group financial statements consolidate the financial statements of the Charity and its subsidiary undertaking, ESCP Europe Corporate Services Limited drawn up to 31 December every year. Where necessary, adjustments are made to the subsidiary's financial statements to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income, and expenses are eliminated during consolidation.

These financial statements include the results of the subsidiary ESCP Europe Corporate Services Limited. The results of this subsidiary are consolidated on a line-by-line basis.

Going Concern

After making enquiries, the Trustees have a reasonable expectation that the Charity has access to adequate resources to continue its activity for the foreseeable future. Accordingly, the Trustees continue to adopt the going concern basis in preparing the financial statements for the period of 12 to 18 months after the date of signing of the financial statements. The Trustees' position is relies on the existence of a letter of financial support provided by the EESC ESCP Europe at the time of the sign-off of the statutory financial statements. More information on the going concern assumption is given on page 15 in the Trustees' report.

Statement of Principal Accounting Policies

New accounting standards issued not yet effective

In March 2024, the Financial Reporting Council (FRC) issued amendments to FRS 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland). These amendments will be effective for accounting periods beginning on or after 1 January 2026. The amendments amongst other things, particularly in relation to revenue recognition and lease accounting.

Further guidance is expected to be released in early 2025, and a new Statement of Recommended Practice for Further & Higher Education (FEHE SORP) will be published in August 2025.

The School will assess the impact of these amendments in the upcoming months and intends to apply them for the financial year commencing 1 January 2026.

Income Recognition

Donations

In 2024, the EESC donation was limited to providing rent-free facilities to the Charity, where the trustees use the rateable value determined by the Valuation Office Agency. In 2024, this was estimated at £565k (2023: £550k) and recorded as a donation in the statement of comprehensive income (Note 3), with a matching expenditure recorded within other operating expenses.

Tuition fees and education contracts income

Fees receivable and charges for services are accounted for in the period in which the service is provided. Income is deferred when it is received in advance for services to be provided in following periods.

Other income

Other income regroups the income pertaining to our trading entity (2024: £1.2m), rent-free donation and incomes.

Expenditure

Expenditure is accounted for on an accrual basis. Other expenses encompass costs not directly attributable to particular functional activity categories and are apportioned over the relevant categories based on management estimates of the amount attributable to that activity in the year, either by reference to staff time or space occupied, as appropriate. The irrecoverable element of VAT is included with the item of expense to which it relates.

Foreign currency translation

Foreign currency exchange conversion is made at the rate ruling at the time of the transaction, or for balance sheet items at the average rate of the previous month using HMRC's website.

Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as expenses in the year in which the employees render service to the School.

Any unused benefits are accrued and measured as the additional amount The School expects to pay as a result of the unused entitlement.

Pension scheme

The Charity participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The Charity is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the Charity, therefore, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme.

The latest actuarial valuation was carried out as at March 2023 and was completed in December 2023 for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. It did not include deficit recovery contributions from 1 January 2024. The next triennial valuation would start 31 March 2026 with results announced in 2027. At 31 December 2024 the Charity had 123 active institutional members participating in the scheme (2023: 100). The contribution rate payable by the institution was 14.5%.

Tangible fixed assets

The freehold of the premises occupied by the Charity is owned by the EESC-ESCP Europe.

Tangible fixed assets are stated at cost less depreciation. The rates of depreciation of capital assets are as follows:

Building Improvements

- | | | |
|--------------------------------|---|--|
| Leasehold improvements | ▶ | straight line over ten years for fixtures and fittings |
| Freehold improvements | ▶ | straight-line over twenty-five years or remaining life of the lease, whichever is shorter, for structural upgrade (roofs, facades) |
| IT equipment | ▶ | straight-line over three years |
| Office furniture and equipment | ▶ | straight-line over five years for general |

The Charity performs impairment reviews of its assets annually. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis. See note 17.

Statement of Principal Accounting Policies

Tax

As a registered charity, the Charity is exempt from corporation tax under the Corporation Tax Act 2010 or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes. No corporation tax charge has arisen in the Charity's subsidiary due to its ability to off-set its liability against previous year losses (2023: £nil).

Financial assets

Basic financial assets include trade and other receivables, as well as cash and cash equivalents. These assets are initially recognised at transaction price. Trade and other receivables are subsequently carried at amortised cost using the effective interest rate method, which is the transaction price less for any amounts settled and any impairment losses.

These assets are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income.

Financial liabilities

Basic financial liabilities include trade and other payables and intra-group loans. These liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are de-recognised when the liability is discharged, cancelled, or expires.

Accounting judgement

In the application of the Group's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods of the revision affect both current and future periods.

Income recognition

The Trustees acknowledge that the Charity derives the great majority of its income from student fees for courses and from the donation from the EESC ESCP Europe. In doing so, the main judgement surrounding income recognition relates to the cut-off date, specifically for students whose programmes span across two calendar years. In making this judgement, management uses the student course timetable to allocate revenues to the appropriate accounting period.

Statement of Principal Accounting Policies

Valuation of donated rent-free facilities

With regards to the valuation of the donated gift in kind pertaining to the rent of the site, the Trustees use reference to the rateable value of the site as defined by the Valuation Office Agency as the best estimate of what they would be willing to pay for the use of the site.

USS retirement benefit obligation

The USS scheme is a multi-employer scheme. There is insufficient information to allow the Charity to identify the share of assets and liabilities of the scheme, and so it is accounted for as a defined contribution scheme. The new schedule of contributions, based on the 31 March 2023 valuation, which commenced on 21 December 2023, includes no deficit recovery contributions from 1 January 2024. As there is no requirement to pay deficit funding, there is no longer an estimate.

Accounting estimates

Year-end Federal profit-sharing estimate

For the first time in 2022, the Charity paid Group profit-sharing bonuses to all staff in permanent employment for more than 3 months at the end of 2021. The principles of this payment are determined at the Federal level including the parameters of the bonus calculation.

As part of the 2024 closing, the Federal team instructed the Charity to process a 2024-related profit-sharing accrual for each permanent employee at the end of 2024 with more than 3 months of employment with the Charity. The value of the 2024 accrual at year-end amounted to £0.7m (2023: £0.4m).

Notes to the Financial Statements

1. Tuition fees and education contracts

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Masters' qualifications	9,334,210	9,334,210	8,341,354	8,341,354
Bachelor in Management	4,207,572	4,207,572	3,377,447	3,377,447
Executive education (part-time)	1,199,708	1,199,708	902,717	902,717
	14,741,490	14,741,490	12,621,518	12,621,518

2. Research grants and contracts

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Research grants and contracts	35,121	35,121	52,714	52,714
	35,121	35,121	52,714	52,714

3. Other income

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Executive education (custom)	1,168,472	-	650,479	-
Seminars and conferences	70,604	-	50,673	-
Recharges to other ESCP campuses	342,257	248,643	280,059	146,147
Recharges to Trading	-	613,895	-	417,013
Rent-free donation	565,000	565,000	550,000	550,000
Gift aid donation	-	401,656	-	289,742
Other income	105,574	102,748	213,013	213,013
	2,251,907	1,931,942	1,744,224	1,615,915

Notes to the Financial Statements

4. Investment income

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Other investment income	46,253	45,503	120,767	120,188
	46,253	45,503	120,767	120,188

5. Grant and Fee income

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Fee income from non-qualifying courses	1,239,076	-	701,153	-
Fee income for taught awards	14,741,490	14,741,490	12,621,518	12,621,518
	15,980,566	14,741,490	13,322,671	12,621,518

6. Staff costs

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Staff Costs :				
Salaries	6,875,035	6,875,035	5,808,592	5,808,592
Social security costs	814,729	814,729	722,873	722,873
Other pension costs	703,153	703,153	845,530	845,530
	8,392,917	8,392,917	7,376,996	7,376,996
Movement on USS provision	-	-	(3,777,959)	(3,777,959)
Total	8,392,917	8,392,917	3,599,037	3,599,037

	2024		2023	
	£		£	
Total remuneration of the Dean				
Basic salary	107,833		100,739	
Additional duties	46,807		26,047	
Performance-related pay and other bonuses	29,391		22,006	
Pension contributions	15,716		21,472	
	199,747		170,264	

Salaries are stated gross before deductions of pension contributions made under the Charity's pension plan. The mentioned performance bonus was awarded in 2024 but is related to 2023. Similarly, the bonus awarded in 2023 was relating to 2022.

Notes to the Financial Statements

The UK Dean's complex set of responsibilities calls for a particular combination of qualities, including strategic thinking and leadership, people management, problem-solving and decision-making. These demonstrated competencies and the Dean's effective market value as an experienced HE leader with both U.K. and European experience are factors in determining the UK Dean's ongoing remuneration.

The UK Dean's performance objectives for the year are set by the Executive President of the ESCP Group on the advice of the remuneration committee of the Charity at the beginning of the calendar year. The Chair of the Board of Trustees and the the Executive President of the ESCP Group undertake an annual performance review of the UK Dean against the objectives, the results of which are reported to the Remuneration Committee. The Committee uses this information to assess progress against agreed outcomes at the end of the year.

The Dean's basic salary is 2.25 times (2023: 2.09 times) the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Dean's total remuneration, including the taxable and non-taxable benefits noted above, is 4.14 times (2023: 3.53 times) the median total pay of staff. This has been calculated including the midpoint of the non-taxable benefits noted above and the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid to its staff.

Senior staff pay

Senior staff pay includes the full-time equivalent basic salary of all staff earning in excess of £100,000 including the UK Dean's salary. It does not include compensation for teaching additional loads, pensions or staff who were employed for part of the year but would have received salary in these bands in a full year.

	2024		2023	
	Consolidated	School	Consolidated	School
Basic salary per annum	No.	No.	No.	No.
£100,000 - £104,999	1	1	1	1
£105,000 - £109,999	1	1	0	0
£110,000 - £114,999	-	-	1	1
£115,000 - £119,999	1	1	0	0
£155,000 - £159,999	-	-	0	0
£160,000 - £164,999	0	0	1	1
£170,000 - £174,999	1	1	0	0
	4	4	3	3

Notes to the Financial Statements

Average staff numbers (full time equivalent) by major category :	2024	2023
	No.	No.
Academic	44	43
Administration	67	60
Total number of staff	111	103

Key management pay

Key management personnel are members of the Senior Management Team who have the authority and responsibility for planning, directing and controlling the activities of the School. Staff costs includes compensation paid to key management personnel

	2024	2023
	£	£
Key management personnel total remuneration	1,043,261	918,726

	2024	2023
	No.	No.
Key management personnel numbers (full-time equivalent)	6	6

The Trustees did not receive any remuneration nor expenses during the year (2023: £nil).

7. Interest and other finance costs

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Loan interest	64,907	64,907	11,584	11,584
Exchange differences	93,175	83,182	20,991	17,778
Unwind of discount on USS pension provision	-	-	127,404	127,404
	158,082	148,089	159,979	156,766

Notes to the Financial Statements

8. Analysis of other operating expenses by activity

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Academic and related expenditure	2,730,776	2,477,170	1,923,317	1,846,508
Bought in teaching	808,948	797,327	774,949	770,384
Premises (including catering)	2,564,069	2,532,300	1,817,859	1,968,691
Marketing	1,189,822	1,185,637	1,035,690	1,030,188
Technology	343,179	343,179	374,504	374,504
Other expenses	715,259	705,718	929,847	740,217
	8,352,053	8,041,331	6,856,165	6,730,491

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Other operating expenses include:				
Operating lease rentals				
Land and buildings	166,706	166,706	166,706	166,706
Other	52,266	52,266	38,739	38,739
Fees payable to the auditor for the audit of the School's financial statements	49,540	49,540	45,152	40,904
Audit of the financial statements of subsidiaries	4,460	-	4,248	-
Taxation compliance services	3,000	-	2,750	-

Notes to the Financial Statements

9. Tangible Assets

Property, plant and equipment

Consolidated and School	Building Improvements	IT equipment	Office furniture and equipment	Total
	£	£	£	£
Cost				
At 1 January 2024	2,704,977	555,494	149,113	3,409,584
Additions	2,179,328	300,126	3,208	2,482,662
Disposals	(44,241)	(28,892)	(6,681)	(79,814)
At 31 December 2024	4,840,064	826,728	145,640	5,812,432
Accumulated depreciation				
At 1 January 2024	559,894	345,484	88,718	994,096
Charge for the year	421,256	99,643	17,236	538,135
Disposals	(29,512)	(22,283)	(6,684)	(58,479)
At 31 December 2024	951,638	422,844	99,270	1,473,752
Carrying amount				
At 31 December 2024	3,888,426	403,884	46,370	4,338,680
At 31 December 2023	2,145,083	210,010	60,395	2,415,488

10. Investment in subsidiary

	2024	2023
	School	School
	£	£
Investment in trading subsidiary	1	1

The Charity's Trading subsidiary, ESCP Europe Corporate Services Limited, conducts executive education and funded studies. Its company number is 07468929 and it is incorporated in the United Kingdom. The Company's objects are:

- to carry on business in executive education, training and conductors and commissioners of research;
- to make donations (whether by way of gift aid or otherwise), and/or to provide other forms of support to the Charity; and
- to promote the interests of the Charity in the global corporate business environment.

Notes to the Financial Statements

11. Trade and other receivables

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Amounts falling due within one year:				
Trade receivables	1,268,859	915,576	1,626,605	968,436
Prepayments and accrued income	597,260	595,610	516,757	893,705
Other receivables	154,355	47,973	72,280	46,567
Amounts due from subsidiary undertaking	-	323,896	-	201,154
Donation gift-aided by subsidiary undertaking	-	401,656	-	289,742
Amounts due from group undertakings	261,778	185,423	186,482	173,593
	2,282,252	2,470,134	2,402,124	2,573,196

12. Creditors : amounts falling due within one year

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Trade creditors	589,083	484,082	348,609	332,571
Taxation and social security	203,043	203,043	179,840	179,840
Other creditors	188,697	123,260	295,448	277,792
Loan from group undertakings	346,736	346,736	211,024	211,024
Accruals and deferred income	5,333,032	5,016,792	4,480,638	4,368,738
Amounts from group undertakings	543,294	543,294	128,720	128,720
	7,203,885	6,717,207	5,644,279	5,498,685

Amounts owed to and from group undertakings relate to normal trading activities and consist of supplier and client invoices. These balances are unsecured, interest-free, and are settled under normal commercial terms.

Notes to the Financial Statements

13. Creditors : amounts falling due after more than one year

In October 2023, the Charity requested a seven-year Loan Financing Agreement from its parent company to finance the residential wing refit and roof repairs during the summer of 2023. The loan amount was agreed to be £1,200,000, bearing an interest of 4%. At the end of the year, repayments of £171,429 for the principal of the loan and of £46,857 for the 2024 related interests were made, bringing the balance of the loan to £1,000,000 at year-end.

In June 2024, the Charity embarked on further development by converting the former library into a classroom and reconfiguring an existing classroom. A seven-year Loan Financing Agreement was agreed with its parent company to assist with financing. The loan amount was agreed to be £950,000, bearing an interest of 3.8%. At the end of the year, repayments of £67,857 for the principal of the loan and of £18,050 for the 2024 related interests were made, bringing the balance of the loan to £882,143 at year-end.

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Loan from group undertakings	1,575,000	1,575,000	999,998	999,998
	1,575,000	1,575,000	999,998	999,998

14. Loans

	2024		2023	
	Consolidated	School	Consolidated	School
	£	£	£	£
Analysis of unsecured loans from group undertakings:				
Due within one year or on demand	346,736	346,736	211,024	211,024
Due between one and two years	307,143	307,143	171,429	171,429
Due between two and five years	921,429	921,429	514,285	514,285
Due in five years or more	346,428	346,428	314,284	314,284
Due after more than one year	1,575,000	1,575,000	999,998	999,998
Total loans	1,921,736	1,921,736	1,211,022	1,211,022

Notes to the Financial Statements

15. Consolidated reconciliation of net debt

	2024
	£
Net debt 1 January 2024	1,144,448
Movement in cash and cash equivalents	(35,129)
Movement on loan	(710,714)
Net debt 31 December 2024	398,605
Change in net debt	(745,843)

Analysis of net debt:	2024	2023
	£	£
Cash and cash equivalents	2,320,341	2,355,470
Borrowings: amounts falling due within one year		
Unsecured loans	(346,736)	(211,024)
	(346,736)	(211,024)
Borrowings: amounts falling due after more than one year		
Unsecured loans	(1,575,000)	(999,998)
	(1,575,000)	(999,998)
Net debt	398,605	1,144,448

16. Capital and other commitments

The consolidated of ESCP Europe Business School group and the of ESCP Europe Business School had no capital commitments as of 31 December 2024 (2023: nil).

17. Contingent liabilities

The School has no contingent liabilities as of 31 December 2024 (2023: nil).

18. Lease obligations

Total rentals payable under operating leases:

Consolidated and School	2024			2023
	Land and Buildings	Other leases	Total	Total
	£	£	£	£
Payable during the year	166,706	85,891	252,597	205,445
Future minimum lease payments due:				
Not later than 1 year	166,706	85,891	252,597	205,445
Later than 1 year and not later than 5 years	201,436	63,038	264,474	376,015
Later than 5 years	-	-	-	-
Total lease payments due	368,142	148,929	517,071	581,460

19. Pension Schemes

The School participates in the Universities' Superannuation Scheme (USS). The schemes was defined-benefit schemes contracted out of the State Second Pension (S2P) until 31 March 2016. With effect from 1 October 2016, the USS changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of both schemes are held in separate trustee administered funds.

The total cost charged to the income and expenditure account in respect of USS scheme is £703,153 (2023: £845,530).

The latest available complete actuarial valuation of the Retirement Income Builder (defined benefit) component of USS is at 31st March 2023 (the valuation date), which was carried out using the projected unit method.

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £73.1 billion, and the value of the scheme's technical provisions was £65.7 billion, indicating a surplus of £7.4 billion and a funding ratio of 111%.

The key financial assumptions used in the 2023 valuation are as follows:

- CPI assumption: Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.0% p.a. to 2030, reducing linearly by 0.1% p.a. from 2030;
- Pension increases (subject to a floor of 0%): Benefits with no cap: CPI assumption plus 3bps Benefits subject to a "soft cap" of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum of 10%): CPI assumption minus 3bps;
- Discount rate (forward rates): Fixed interest gilt yield curve plus Pre-retirement: 2.5% p.a. and Post retirement: 0.09% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on an analysis of the scheme's experience carried out as part of the 2023 actuarial valuation.

The mortality assumptions used in these figures are as follows:

- Mortality base table: 101% of S2PMA "light" for males and 95% of S3PFA for females; and
- Future improvements to mortality: CMI_2021 with a smoothing parameter of 7.5, an initial addition of 0.4% pa, 10% w2020 and w2021 parameters, and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.

A change in contributions was applied from 2024 (Employer: 14.5% - Member: 6.1%) with enhanced benefits.

20. Membership liability

In accordance with Clause (7) of the Charity's Memorandum of Association, every member of the Charity undertakes to contribute to the assets of the Charity in the event of the same being wound up while he, she or it remains a member or within 12 months afterwards, to pay one pound towards the costs of dissolution and the liabilities incurred by the Charity while he, she or it was a member.

The sole member of the Charity is the EESC ESCP Europe on 31 December 2024.

Notes to the Financial Statements

21. Related party transactions

School	2024				2023			
	Income from related party	Expenditure to related party	Balance due to /(from) related party		Income from related party	Expenditure to related party	Balance due to /(from) related party	
	£	£	£	£	£	£	£	£
EESC ESCP EUROPE	9,932,215	(862,804)	507,549	(171,124)	9,234,828	(1,344,924)	138,915	(485,053)
EESC Pension Debtor	-	-	-	-	-	(793,361)	-	-
EESC Loan	-	(64,907)	1,921,736	-	-	(11,584)	-	(1,211,022)
ESCP EUROPE Madrid	157,996	(48,478)	32,725	(1,192)	154,856	-	24,508	-
ESCP EUROPE Berlin	5,362	(21,745)	1,257	-	20,261	(26,926)	3,087	(26,926)
ESCP EUROPE Torino	15,788	(9,249)	700	(13,107)	4,343	(33,357)	7,083	(26,972)
ESCP EUROPE Foundation	364	-	1,063	-	152,082	(1,685)	-	-
ESCP EUROPE Corporate Services Limited	613,895	-	-	(323,896)	417,013	-	-	(201,154)
ESCP EUROPE Corporate Services Limited - Donation	401,656	-	-	(401,656)	289,742	-	-	(289,742)
	11,129,276	(1,007,183)	2,465,030	(910,975)	10,273,125	(2,211,837)	173,593	(2,240,869)

Group	2024				2023			
	Income from related party	Expenditure to related party	Balance due to /(from) related party		Income from related party	Expenditure to related party	Balance due to /(from) related party	
	£	£	£	£	£	£	£	£
EESC ESCP EUROPE	10,008,570	(862,804)	507,549	(247,479)	9,332,008	(1,344,924)	151,804	(74,822)
EESC Pension Debtor	-	-	-	-	-	(793,361)	-	-
EESC Loan	-	(64,907)	1,921,736	-	-	(11,584)	-	(1,211,022)
ESCP EUROPE Madrid	157,996	(102,215)	32,725	(1,192)	154,856	(80,732)	107,470	(26,972)
ESCP EUROPE Berlin	5,362	(21,745)	1,257	-	20,261	(26,926)	3,087	(26,926)
ESCP EUROPE Torino	31,767	(9,249)	700	(13,107)	32,306	(1,685)	7,083	-
ESCP EUROPE Foundation	364	-	1,063	-	152,082	-	-	-
	10,204,059	(1,060,920)	2,465,030	(261,778)	9,691,513	(2,259,212)	269,444	(1,339,742)

EESC ESCP EUROPE, ESCP EUROPE Madrid, ESCP EUROPE Berlin, ESCP EUROPE Corporate Services Limited and ESCP EUROPE Torino are related by virtue of being part of the same group, headed by EESC ESCP Europe. ESCP EUROPE Foundation is related by virtue of common directors/Trustees.

EESC ESCP Europe is the sole member of each ESCP Europe campus.

Notes to the Financial Statements

Donations and fees* were received from EESC ESCP Europe during the year as follows:

	2024	2023
	£	£
Provision of rent-free premises	565,000	550,000
Undergraduate programme fee income	4,207,572	3,377,447
Postgraduate programmes – Full-time Masters fee income	5,351,197	4,661,412
Executive education (part-time)	157,158	244,165

* This does not include recharges of costs or teaching.

22. Ultimate parent undertaking

The parent undertaking of the smallest group which includes the Company, and for which group financial statements are prepared, is EESC ESCP Europe, which is also the immediate parent undertaking of the Charity. The registered address of the EESC ESCP Europe is 3 rue Armand Moisant, Paris 75015, France.

The parent undertaking of the largest group which includes the Company and for which group financial statements are prepared is CCIR, which is also the ultimate controlling entity of the Charity. The registered address of the CCIR is 27 Avenue De Friedland, Paris, France, 75008.

Notes to the Financial Statements

23. Alternative performance measures

The Charity presents below the results on a statutory and adjusted basis as it believes it will provide useful supplemental information about the local financial performance of the Charity, and enable comparison of financial results between periods where certain items may vary independent of business performance. Although the board believes the adjusted basis is important in evaluating the Group, it is not intended to be considered in isolation or as a substitute for, or as superior to, financial information on a statutory basis.

Items are adjusted on the basis that they distort the underlying performance of the Charity where they relate to costs pertaining to the Federal centre (defined as costs incurred locally for the benefit of all campuses).

Consolidated and school statement of comprehensive income (including consolidated income and expenditure account).

	2024		
	Consolidated	Federal	Local Performance
	£	£	£
Income			
Tuition fees and education contracts	14,741,490	-	14,741,490
Research grants and contracts	35,121	-	35,121
Other income	2,251,907	-	2,251,907
Investment income	46,253	-	46,253
Total income	17,074,771	-	17,074,771
Expenditure			
Staff costs	8,392,917	1,102,456	7,290,461
Other operating expenses	8,352,053	83,859	8,268,194
Depreciation and amortisation	538,135	-	538,135
Interest and other finance costs	158,082	-	158,082
Total expenditure	17,441,187	1,186,315	16,254,872
(Deficit) / Surplus before tax	(366,416)	(1,186,315)	819,899



ESCP EUROPE BUSINESS SCHOOL

Annual Report and Financial
Statements

31 December 2024

ESCP EUROPE - BUSINESS SCHOOL

England & Wales - Charity number 293027

Accounts

Company Registration No. 1876779

Charity Registration No. 293027



ESCP Europe Business School

Annual Report and Financial Statements

31 December 2023

ESCP Europe Business School

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ESCP Europe Business School

Introduction

This report and financial statements reflect the activities of ESCP Europe Business School, the London Campus of ESCP. ESCP Europe Business School legally refers to the company registered at Companies House under company number 1876779 and the name “ESCP Europe-Business School”. The commercial name of the entity is ESCP Business School since late 2019.

The London Campus (or the “Charity”) is a part of ESCP (the “School”), which is both a leading school of international management and a major European Higher Education institution. ESCP was founded in Paris in 1819 and since then has educated generations of leaders, contributing to the fine reputation it enjoys today. Six campuses in Berlin, London, Madrid, Paris, Turin and Warsaw are the stepping stones that allow students to experience this European approach to management. Over the past 200 years, generations of entrepreneurs and managers have been trained in the firm belief that the business world can positively feed into society. This conviction and ESCP’s values - excellence, singularity, creativity and plurality - guide the School’s mission and build its pedagogical vision on a daily basis.

Each year, ESCP welcomes over 10,000 students and 5,000 executives from 142 different nationalities. Its strength lies in its many business training programmes, both general and specialised (Bachelor, Master, MBA, Executive MBA, PhD and Executive Education), all of which include a multi-campus experience.

ESCP Business School is multi-accredited, with AACSB, EQUIS, EFMD MBA, EFMD EMBA, and five European Higher Education accreditations. The School goes through numerous accreditations processes each year, guaranteeing the quality of its programmes and supporting its commitment to continuous improvement.

In 2019, the Charity was registered as a Higher Education provider in the Office for Students Register of Higher Education Providers. The Charity has been following the OfS Accounts Direction setting out the information that providers are required to include in their audited financial statements since then.

In 2020, the Charity applied for Full DAPs (“Degree Awarding Powers”). If the OfS authorises these powers, ESCP will be able to award UK taught degrees (Bachelors and Masters). In March 2023, after a year-long review and two visits by QAA reviewers, ESCP received a full assessment report, which was also submitted to OfS. ESCP is now waiting for the final decision by OfS.

During the year, the London Campus participated in three sustainability-related programmes: The Camden Climate Change Alliance – the pledge, the Business Climate Challenge, and the Better Futures+ programme. Both the Business Climate Challenge and the Better Futures+ programme were funded by the Mayor of London, with the aim of supporting SMEs to help lower their carbon emissions. With the help of these initiatives, the London Campus has made strides towards improving the energy efficiency of the Campus, as well as lowering the School’s carbon footprint.

The portfolio of educational offerings includes the following programmes:

- Master in Management (MiM)
- Specialised Masters (multiple full-time programmes)
- MBA in International Management
- EMBA Programme (Executive MBA)
- Bachelor (BSc.) in Management

ESCP is also committed to providing executive education alongside degree options. Custom and open enrolment programmes are offered annually across ESCP campuses.

The quality of ESCP Business School’s higher education is recognised annually in the prominent international business school rankings. This includes Financial Times Business Education rankings, where ESCP’s flagship programmes such as the Master in Management (MIM) and Master in Finance (MIF) consistently secure positions in the top five globally, and where the School is ranked in the top five business schools within its six campus countries: France, Germany, Italy, Poland, Spain, and the United Kingdom.

ESCP Europe Business School

Introduction (continued)

In the most recent 2023 rankings, ESCP Business School continues to establish an impressive market position in the United Kingdom. FT Rankings for the EMBA; MIF and MIM place ESCP Europe within the top 2 in the UK for each programme category. Furthermore, our School maintains its status among the top five European Business Schools according to the Financial Times European Business Schools Rankings, securing 4th place in December 2023. London-originated Masters in Marketing and Creativity (MMK) progressed to 4th worldwide in the QS Business Masters Rankings 2024 (Marketing category).

The School has 145 academic alliances in Europe and the world, in 48 countries. There are more than 90,000 alumni active in over 190 countries.

Research is a major priority at ESCP Europe. The team of 200 international Faculty members are constantly striving for the creation of new knowledge. The aim is to bring new insights to the global academic community as well as provide innovative content for teaching and business practice.

Until 31 December 2017, ESCP was part of the Chambre of Commerce and d'Industrie of Paris Region Ile-de-France, (the CCIR). From January 2018, the ultimate parent company and sole member of the Charity is the EESC ESCP Europe.

ESCP (located at 2, rue Armand Moisant - 75015 - Paris - France), is an institution with a specific legal status and form named EESC (Etablissement d'Enseignement Supérieur Consulaire) since the 1st of January, 2018. EESC ESCP Europe is a French autonomous non-profit legal person, subsidiary of the CCIR which is its shareholder at 99.99% and which controls the majority of the voting rights at EESC ESCP's Board. The CCIR is a French administrative public body.

ESCP Europe Business School

Report and financial statements 2023

Company information

Trustees

The Trustees who have served in office during the year, and up to the date of this report unless otherwise stated, are:

Lord **Gold** (Chairman) (*)

Cecile **Andre-Leruste** (appointed 5 July 2023)

Frank **Bournois** (resigned 28 February 2023)

Rodney **Eastwood**

Laurent **Feniou**

Valerie **Henriot** (* resigned 6 July 2023)

Thomas **Jeanjean**

Leon **Laulusa** (appointed 28 March 2023)

Joelle **Lellouche**

Laurence **Milsted** (*)

Nathalie **Pierre** (* appointed 12 December 2023)

Damien **Savary**

Anne-Gabrielle **Verdier** (appointed 28 June 2022, resigned 4 April 2023)

(*) Member of the Audit & Risk Committee

The *Etablissement d'Enseignement Supérieur Consulaire ESCP Europe* (« EESC ESCP Europe ») is the sole member of the Charity. Membership is explained in note 14 to the financial statements.

Registered office: 527 Finchley Road, Hampstead, London NW3 7BG

Registration number: SIRET 824 644 587 00027

Website: www.escp.eu

Principal professional advisers

Bankers

Barclays Bank Plc, Oxford City Office, PO Box 333, Oxford OX1 3HS

Solicitors

Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN

Insurer

Zurich Municipal, Zurich House, 2 Gladiator Way, Farnborough, Hampshire GU14 6GB

Chartered accountants and statutory auditors

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

ESCP Europe Business School

Trustees' Report

The Trustees present their Trustees report which incorporates the requirements of the Directors' report and Strategic Report, for the year ended 31 December 2023 together with the audited financial statements of the group for the year. Pages 5 to 9 incorporate the requirements of the strategic report.

Reference and administrative information

The Charity, a company limited by guarantee, was founded in 1985 and is registered with the Charity Commission in England and Wales under Charity number 293027. The Trustees and address of the Charity are as listed on page 3. Particulars of the Charity's professional advisers are also given on page 3.

The Charity was established in the UK with the support of the CCIR in pursuit of its mission of providing education and training in Business Management. It is the London Campus of a six-campus school with the other centres being Berlin, Madrid, Paris, Torino and Warsaw. The EESC also provides rent-free facilities to the Charity. Since 2 January 2018, the immediate parent company and sole member of the Charity is the EESC ESCP, owned by the Charity's ultimate parent company, the Chambre de Commerce et d'Industrie Paris Region Ile-de-France (the "CCIR").

Structure, governance and management

This section of the Trustees' report, along with the responsibility statement on page 16 incorporates the requirements of the statements of corporate governance and internal controls required by the OfS Accounts Direction. This covers the year covered by the financial statements and the period up to the date of approval of the audited financial statements.

Governing Document

The Charity is governed by its Memorandum and Articles of Association.

Governing Body

The Charity is governed by its Trustees.

Recruitment of Trustees

The Charity's Trustees are appointed following a Trustees' recruitment policy (*) defined by the Charity's Governance Committee. Trustees are selected on the basis of their knowledge in a specific field and the Trustee skill register is reviewed on a regular basis.

() The trustees' recruitment policy has been finalised in Jan. 2024.*

Organisational Management

The Trustees of the Charity are legally responsible for the overall management and control of the Charity. The Trustees hold Boards of Trustees four times a year as well as an Annual General Meeting to approve the annual report and financial statements. ESCP Europe Corporate Services Limited (the "Trading") holds separate Boards of Directors three times a year.

The Audit and Risk Committee meets at least twice per year to review the annual report and financial statements, the accounting systems, the internal controls and audit thereof and other significant issues.

The Reward and Remuneration Committee meets once a year to review the framework for the remuneration and terms and conditions of employment of the key management personnel of the Charity. In line with good practice, a range of benchmarking assesses the current positioning of our key management's pay in the market, including independent higher education institutions, and business schools. It ensures that the reward policy of the Charity is appropriate to attract and motivate those individuals to achieve the long-term targets of the Charity.

The Governance Committee meets twice a year to discuss any governance-related matter and to ensure Board effectiveness.

The Charity is subject to the national (UK) framework for higher education provision. Prior to 2019, regulatory control was exercised by a national quality assurance agency: the QAA. The Charity satisfied all QAA requirements as an alternative/private provider and successfully registered as an HE provider with the newly formed Office for Students

ESCP Europe Business School

Trustees' Report

(OfS) in 2019, as part of the new regime for higher education management and regulation in the UK. In 2020, the Charity successfully completed the first steps of the Full DAP (“Degree Awarding Powers”) review with final assessments carried out in 2022 by the QAA and an initial full assessment of the application submitted to OfS early 2023. Since September 2023, the OfS Regulation Directorate has made three requests for further information with the last one in November 2023.

The London Campus has a School Management Board (“SMB”, led by the Campus Dean) providing strategic and operational control of the business and administration side of the Campus within the parameters of the EESC governance model. SMB is supported by a number of subsidiary committees and local governance mechanisms, some of which are subsidiary committees to federal organs.

With respect to supervisory control and governance, the London Board of Trustees (with EESC representation) operates with the addendum of a Corporate Services Board, an Audit & Risk Committee, a Reward & Remuneration Committee and a Governance Committee (see above).

Risk Management and internal control

The Trustees receive and consider reports from the OfS as they affect the Charity’s business, and monitor adherence to the regulatory requirements which includes compliance with the OfS’s ongoing conditions of registration.

The Trustees of the Charity are responsible for the management of the risks faced by the Charity. Detailed considerations of risk are delegated to the Audit and Risk Committee, who are assisted by senior management. Risks are identified and assessed, and controls are reviewed throughout the year. A formal review of the Charity’s risks and their mitigation is undertaken on a termly basis at the Trustee meetings and in a more detailed manner, twice a year, at the Audit and Risk Committee meetings. Through the risk management processes established for the Charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Amongst the major risks and uncertainties which the Trustees seek to mitigate at all times, the Trustees try to ensure that:

- business continuity is ensured through appropriate levels of activity, recruitment and commercial performance;
- statutory obligations are met and compliance actions are undertaken; and
- financial plans and targets are suitably framed and executed upon.

The Board of Trustees is also concerned that the Charity:

- continues to recruit and retain high-quality academics in order to achieve its research aims and teaching goals;
- manages realistically its enrolment targets;
- delivers the courses to which it is publicly committed and at an appropriate standard; and
- maintains its estate and facilities suitably, considering immediate actions ensuring compliance with all regulatory Health and Safety requirements as well as the expansion needs in the light of the anticipated growth of the student cohorts medium and long term.

Mitigation of these risks is through regular management team meetings and termly Trustees’ meetings typified by report on:

- student experience and student satisfaction: assessed at periodic intervals through minuted meetings with students’ representatives and implementation and analysis of students’ satisfaction surveys;
- student recruitment: monitored on a monthly basis by the Admissions’ team feeding back reporting to the School local and federal management and allowing live updates of all financial forecasts;
- staffing requirements: fully apprehended through termly Professional Resources Committees (“PRC’s”) reporting to the SMB;
- progress against financial objectives: subject a quarterly exhaustive reporting submitted to the federal centre assessing performance against budget and campus set targets; and

ESCP Europe Business School

Trustees' Report

- estate emergency and maintenance plan: reviewed through regular discussions held with the Freeholder to allow the Campus to communicate and address the needs of the student population and the development of its estate.

The key elements of the Charity's system of risk identification and management include:

- the integration of planning, risk, KPIs and other performance indicators to provides an efficient reporting and control mechanism;
- the management of risk at strategic level to ensure that a full picture of risks is available and that significant risks are escalated to the appropriate level;
- business continuity and emergency management, ensuring plans are in place which would address any disaster and emergency situation;
- ensuring that all risks have appropriate ownership so that risks can be controlled appropriately; and
- reporting at least twice a year to the Audit and Risk Committee which assures the Board on the effectiveness of arrangements of internal control and risk management.

System of internal control and financial statements

In accordance with the Scheme of Reserved and Delegated matters, the Board is responsible for the administration and management of the Charity, including ensuring an effective system of internal control and adopting audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the Charity's financial position and enable it to ensure that the financial statements are prepared in accordance with relevant accounting standards.

The system of internal control is based on an ongoing process designed to identify the principal business, operational, compliance and financial risks; to evaluate the nature and extent of those risks; and to manage them efficiently and effectively. This process was in place for the year ended 31 December 2023 and up to the date of the approval of the financial statements and accords with OfS guidance and there were no significant control weaknesses that should be disclosed.

The key elements of the Charity's system of internal control include:

- short-term and medium-term planning processes, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- the attendance of the Charity's external auditors at each meeting of the Audit and Risk Committee, where through their work, they share their views on areas for improvements in internal control;
- defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approval limits set by the Board; and
- an internal financial control manual updated every year, detailing financial controls and procedures.

Any system of internal control or risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material misstatement or loss.

Having reviewed all available evidence, the Trustees have satisfied themselves with the adequacy of internal controls for the period 1st January 2023 to the date of signing of the financial statements.

Charitable Objects

The Charity's Objects, as set out in its Memorandum and Articles of Association, are the advancement of education in the science and practice of professional management in a European context. The Charity seeks to provide education and research in professional management and related subjects and to publish the useful results of such activity for public benefit. The Charity wholly owns ESCP Europe Corporate Services Limited, the objects of which are to carry on business as providers of executive education and training. The performance of the subsidiary for 2023 is given in note 9 to the financial statements.

ESCP Europe Business School

Trustees' Report

Strategy

Early 2022, a new 2022-2025 Strategic Plan was implemented at Federal level, focusing the development of all ESCP sister campuses around the themes of Choices and Experiences, a bottom-up approach having been taken involving the entire ESCP community and with a mission to inspire and educate responsible leaders of the future. This would allow students' access to a greater range of digital and campus international experiences as well as increased exposure to companies.

With the ambition to support the Federal Strategic Plan as defined above, the London Campus developed its Strategic Plan in 2022 on the following priorities: stabilised growth, integration into the UK business ecosystem and creation of social and environmental impact.

Stabilised growth

The stabilised growth includes identifying and measuring key success factors in different aspects of the business, in particular, on market positioning as well as talent attraction, retention and development. This strategy requires student numbers to grow steadily while the quality of education is maintained and improved. The key feature of this strategy is to move beyond educational experience and enhance the lifetime interaction between students/alumni and the School.

Integration into the UK Business Ecosystem

The strategy aims to establish the ESCP brand within the UK academic and business environments. The application for Degree Awarding Power is one of the key priorities under this strategy. Further important initiatives include a) the establishment of a UK visa route in local and Federal programmes to enable students to apply for the Graduate Visa and work in the UK after graduation; b) the addition of Year 3 BIM students to London Campus; c) further integration into the local rankings; and d) the enhancement of the Executive Education, Corporate Relations and Career Services divisions which will aim to build/strengthen partnerships with UK-based businesses.

Creation of Social and Environmental Impact

The strategy includes a range of initiatives that create and develop ideas and solutions that have a positive impact on social and environmental sustainability. The Charity's Sustainability Committee will identify sustainability opportunities and challenges. Other initiatives will seek to inspire and educate future leaders in line with ESCP's first priority on taking part in the Experience of our 21st century challenges.

These will include a) putting sustainability and ESG at the heart of our Campus model by ensuring sustainability literacy for all (professors, students, staff) based on science, developing dedicated competencies for mitigation (reduction) and adaptation and being at the vanguard of ESG, including Green Finance and Accounting (e.g. reporting, carbon assessment, incentives to capital reallocation etc.); b) driving research, scholarships and entrepreneurship for societal impact; and c) reframing ESCP own processes and setting up a dedicated stakeholder council such as Green Deal targets (setting a target of 55% CO2 reduction by 2030, based on an external carbon assessment), Facility management & Green IT, Green Travel & purchasing policy and staff training on ESG matters; and d) social diversity.

Specialisations

Within the context of the ESCP system of campuses, awards and specialisations, the London Campus will continue to offer specialisations in:

- Marketing & Creativity;
- Digital Transformation;
- Banking, Finance & Investment;
- Social Impact;
- Luxury Management;
- Energy Transition; and
- Consultancy & Professional Services.

ESCP Europe Business School

Trustees' Report

Principal activities of the year

Full Time Degree Education

In 2023, the London Campus successfully delivered face-to-face teaching to part of 12 different full-time degree awards to ~1,400 students.

The programmes included:

- the MBA, BSc, and MSc in Management (as Federal rotational programmes);
- the MSc in Marketing and Creativity, MSc in Energy Management and MSc in Digital Transformation Management and Leadership (as local MSc programmes with one term or semester on a sister campus); and
- the MSc in Finance, MSc in International Business Law and Management, and MSc in Biopharmaceutical Management, plus three additional visiting Masters.

Part-Time Degree Education

During 2023, the provision of Executive Masters part-time degree education continued to be driven by the EMBA programme and benefited from the boost generated by the continuation of the London hybrid (online/blended) Executive Master in the Future of Energies ("EMFE").

In addition to the Charity's degree-based education, the Charity and its Trading subsidiary delivered customised educational programmes, responded to a number of RFPs and pursued the offer of short modular courses, master classes, and company consultancy projects.

External links

In the year 2023, the School has been an active member of the UK's Chartered Association of Business Schools (CABS); the French Chamber of Commerce in Great Britain (CCFGB) and Independent Higher Education (IHE).

London is also home to two business-facing research centres/institutes receiving external support and funding from companies including L'Oréal These are the Creativity Marketing Centre (CMC) and the Energy Management Centre (EMC).

Research

As an educational charity and an academic institution, the London Campus endeavours to publish books, academic articles and case studies that receive attention from academics, practitioners and the general public. Highlights for 2023 include:

Publications in listed Peer-Reviewed-Journals:

- 11 publications in world leading journals;
- 11 articles in internationally excellent journals;
- 6 articles in other peer-reviewed journals; and
- Several articles in professional and academic magazines (e.g., CIPD, World Economic Forum, LSE Business Review, The European: Climate Change Review).

Additionally, in excess of 35 conference and workshops presentations from London faculty members took place in 2023 at national and international academic conferences.

ESCP Europe Business School

Trustees' Report

Other research-related outputs include:

- 6 book chapter publications;
- 3 impact papers;
- Guest editorships and positions on editorial boards;
- Reviews and service to scientific communities;
- More than 18 appearances in media, and posts in blogs and social media; and
- 2 awards: best reviewer and best paper award.

Sustainability

The London Campus continues to make improvements within this area with the strong support of the Social Impact and Sustainability (ESG) Committee members and its delivery body, the ESCP London Green Office, which manages the approved projects across the Campus. In early 2023, a student representative from AGORA, ESCP's elected student union, joined the London ESG Committee to represent students at the decision-making level. It has been determined by the Committee that a student representative from AGORA will continue to represent students at the Committee meetings as part of the London Campus' efforts to work collaboratively with students to deliver sustainability-related initiatives. In 2023, students from AGORA helped the London Campus to deliver the Eco Cups reusable cup campaign, while students from GEA, ESCP's sustainability society, helped the London Campus to roll out a waste management campaign. Both initiatives were focused on educating students on proper waste management techniques in an effort to minimize the waste generated on Campus.

In 2023, ESCP London Campus took part in two sustainability initiatives funded by the Mayor of London:

- The Better Futures+ programme offered the school a free membership to the Climate Essentials carbon calculator platform which helped the Campus to conduct its first carbon footprint measurement.
- The Campus received a free energy audit through the Business Climate Challenge (BCC), an energy efficiency programme developed to support businesses in reducing their energy consumption and accelerate decarbonisation efforts in London.

The results of the London Campus carbon footprint measurement have been shared with the Federal ESG team, who are currently consolidating the carbon footprint reports from different campuses as part of the School-wide carbon footprint measurement. Once the consolidation is complete, objectives will be set to lower the School's overall carbon footprint. The results of the BCC energy audit were shared in June, and included recommendations on how to make the Campus more energy efficient. The implementation of some of these recommendations has already begun, such as the installation of secondary glazing on the windows around the Campus to improve heat retention.

ESCP London Campus has also worked closely with the Camden Climate Alliance to make the Campus more sustainable. In April 2023, the London Campus was placed on the Camden BeeLine as part of ongoing efforts to improve biodiversity on the grounds around the Campus. The aim of the BeeLine project is to increase green space and biodiversity by creating a connected pollinator pathway of trees, plants, and rewilded space throughout the London Borough of Camden. ESCP London aims to build on this initial work by conducting a biodiversity audit on Campus with the help of the Borough, replacing the artificial grass at the front of the Campus with gravel/decking and additional plantings.

ESCP Europe Business School

Trustees' Report

Local resource

Since 2004, the operations of the London Campus have concentrated on a site located in North West London providing ~4,500 sq.m, the EESC ESCP Europe being the Freeholder of the building. The current site has had two previous extensions and a new Student wing was opened in September 2023 as well as the installation of two temporary classrooms late 2023. A London Estate Masterplan has been produced and will aim to deliver increased study space, teaching space, infrastructure upgrades as well as meet all security standards by 2030.

There has been a progressive expansion in the workforce of the Charity to reflect and support its growth. At the end of 2023, full-time faculty numbers are at 27, providing the core of academic support to students. This group is supplemented by over 90 affiliates and visiting faculty. More detail on staffing increases is provided in Note 7.

Just over 63 professional services staff members provide resource support and leadership in such areas as Finance, HR, Marketing, Data planning, IT, Student Services, Communications and Events.

With respect to its financial resources, the Charity generated in 2023 annual consolidated revenues of c. £14.5m (2022: £11.8m), without any annual operating subsidy received from the EESC (excluding rent-free subsidy). In 2023, the Charity self-funded its operations, relying on the existence of a letter of financial support issued by the EESC for the EESC to cover the full deficit on USS should it have crystallised prior to its full release.

The Charity generated a consolidated profit of £2.8m (2022: loss of £1.7m) at the end of the year, with a full release of the USS pension provision and EESC debtor asset (£2.8m positive effect at P&L level).

At year end, the Charity closes the year with consolidated positive funds at £0.5m (2022: negative funds at £2.3m).

More information is provided in the going concern statement and in the USS pension deficit note further down in the financial statements.

Public benefit statement

The Trustees have considered the guidance on public benefit published by the Charity Commission. The Trustees believe that increasing the skills, knowledge and understanding of good business management practices provides public benefit since the subject itself is of educational merit and its dissemination through the student body will then enhance society as a whole.

The Trustees have considered ensuring that ongoing public benefit is a part of the work of the Charity and recognise that scholarship awards are important in helping to ensure that students who would otherwise not be able to afford the fees can access the education offered by the Charity. Student applications for scholarship awards are available to all those who meet the general entry requirements of the School and are made based on means. The availability of scholarships is advertised on the School's website. The great majority of scholarships are offered to the students at Group level. Those in the Charity's financial statements as a scholarship expenditure are for those scholarships granted by the London entity (2023: £131k / 2022: £142k).

The London Campus offers a number of access opportunity scholarships as well as various financial discounts, payment plans and other commercial incentives allowing students to access higher education at a lower cost and to spread the payment of their tuition fees in exceptional circumstances.

In 2023, the donation from the EESC to the Charity was limited to the provision of rent-free facilities, allowing the Charity to provide education at a lower cost than would otherwise be possible. This has been shown as a donation and detailed in note 3.

The Charity welcomes students from all backgrounds. Entrance interviews are undertaken to ensure that students can cope with the pace of learning and benefit from the education provided. An individual's gender, ethnicity, race, religion or disability do not form part of the recruitment process. The Charity acts as an equal opportunity organisation and is committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. London Campus students regularly engage with local charities and businesses to support various causes (environmentally-friendly sustainability actions, provision of clothing and food to local homeless shelters) seeking to increase the impact of the Charity on its neighbouring community.

ESCP Europe Business School

Trustees' Report

The Charity will make reasonable adjustments to meet the needs of staff or students who are or become disabled. The Charity is committed to safeguarding and promoting the welfare of its students and expects all staff to share this commitment.

Public Events

In 2023, ESCP London Campus organised and participated in a range of high-calibre events, open to the School's students, alumni community and external guests. These included:

- The Annual London Campus Student Gala;
- 100+ events organised online and in person by both the School and its student societies, including but not limited to Big Data Club, BizTech, Finance Banking Trek, Alumnights, London Universities Sports Leagues (LUSL), Crypto Society Event, book clubs, dance, and chess tournaments;
- Alumni webinars and events, including the Alumni Summer Soiree and Alumni & Friends Christmas Party;
- Intercampus Entrepreneurship Festival (November), which gathered more than 200 participants, students, professionals and alumni;
- Various student challenges and competitions, including the L'Oréal Big Picture Project, #GetActive BUCS British Universities and College Sports, and more;
- Energy Management Centre Invited Talks series;
- London Campus Student Awards 2023;
- Mindfulness and resilience workshops;
- Student Societies Fair;
- Campus-based Careers Fair; and
- Themed Welcome events and parties organised by both the School and student societies to enable students to connect both within and across programmes.

Cooperation with external organisations

In 2023, ESCP London Campus continues to partner with a number of recognised bodies, including:

- City University;
- Cranfield University;
- Frankfurt School of Finance and Management;
- The Industry and Parliament Trust;
- The Chartered Association of Business Schools;
- The French Chamber of Commerce in Great Britain; and
- The Franco-British Council.

Related Parties

Related parties include ESCP Europe Corporate Services Limited (the "Trading"), the EESC ESCP Europe, and the other ESCP campuses.

In 2023, the Charity paid c. £0.7m in costs pertaining to the Federal centre (Executive Vice-President, Corporate Relations & Executive Education, Profit-Sharing) (2022: £0.3m). These costs are integrated in the company's SOFA and are not recharged to the EESC.

The SOFA and balance sheets showing the group and local performance are presented on pages 20 and 21.

ESCP Europe Business School

Trustees' Report

In addition to the related parties mentioned above, there are two further related parties.

ESCP Europe Foundation

The ESCP Europe Foundation was created by ESCP Alumni in 2005 and is a French registered charity. The Foundation supports ESCP in sustaining its academic excellence and leadership, in particular in the key strategic areas such as promotion of social diversity, entrepreneurship, development of projects aiming at increasing competitiveness and innovation in France and abroad and implementation of innovative teaching methods.

To achieve its ambitions and financial targets, the Foundation seeks to raise contributions from corporate sources and Alumni via several fundraising campaigns. In 2023, the Foundation raised over £230k (2022: £136k) through the Charity on behalf of other campuses. All sums not specifically attributed to the London Campus were paid back to the Foundation late December 2023. These sums are not recognised in the finance statements as the Charity is acting as an agent.

The ESCP Europe Alumni Association

The ESCP Europe Alumni Association is a separate legal entity from the Business School itself. It is independent of the Charity and therefore is not consolidated into these financial statements. From a global population of c. 60,000 alumni in 200+ countries, there are some 2,600+ alumni in the UK. The London Campus engages with them regularly through receptions, conferences, invitations to talk to students and to support students in finding internships and company projects.

Performance of the Charity

The quality of ESCP Business School's higher education is recognised annually in the Financial Times Business Education Rankings, ESCP's flagship MiM programme ranking 4th worldwide in 2023, in progression of 1 place (2022: 5^h).

Capitalising on the improved rankings of ESCP in Europe during the year, the Charity consolidated its growth in terms of academic and financial performance, London remaining one of the favoured destination campuses of ESCP students.

The European Bachelor in Management was taught on Campus from the beginning of the new academic year with a new record number of students hitting our grounds, on a full-time basis, early September 2023 with 389 students (2022: 344 students), all being taught to face-to-face, with combined revenues of £3.4m.

Executive Masters and Bespoke Executive Education, following the repositioning of the portfolio of Executive Masters and the crystallisation of RFP's started in 2022, brought their combined annual income to £1.6m (2022: £1.1m).

The Charity's Trading subsidiary, ESCP Europe Corporate Services Limited, produced an operating surplus for the year of £290k (2022: £149k) before a gift aided donation of the same amount to the Charity at year end. The success of our 2023 collaborations will also positively impact 2024 with contract renewals.

Having considered the level of financial surplus derived by the Charity of £2.8m (2022: £1.7m loss), the return to a positive equity of £0.5m (2022: -£2.3m) at the end of the year and careful assessment of the forecast, the availability of financing and cash-flow for the next 18 months, the Trustees have concluded that the Charity is going concern for a period of at least 12 months after the date of signing of the financial statements.

Notwithstanding the release of the pension provision (non-cash item), the Trustees remain satisfied with the results of the Charity in 2023. This is in the context of a noticeable improvement in its result and upon consideration of the levels of free cash flows as of end of December 2023.

ESCP Europe Business School

Trustees' Report

Development objectives

In line with its strategic priorities as described above, the Charity will continue to develop and execute its academic and business plans. Significant development objectives for 2024 will include:

- The development of a long-term Campus strategy;
- Further integration within the UK higher education ecosystem;
- The launch of the ESCP incubator, Blue Factory in London;
- The strengthening of executive education and corporate activity, pertaining to the Charity (Executive Masters) and its trading entity; and
- The modernisation and extension of Campus facilities, alongside significant estate maintenance activities (as commissioned by the EESC).

The Charity continues to aim to:

- strengthen recruitment for its full programme suite;
- build up a first-class Faculty and affiliate Faculty;
- consolidate the London Campus areas of research expertise;
- encourage new areas of enquiry linked closely to its degree/specialisation offer; and
- promote and advance teaching excellence in alignment with the learning goals and mission of ESCP.

Reserves policy

Since the end of 2015, the Charity does not hold any restricted funds in its financial statements.

Total unrestricted funds at the end of the current year were £0.5m (2022: -£2,293k), the Charity having released the pension deficit provision and generating a financial profit of £2.8m (2022: loss of £1,703k).

As of 31 December 2023, the level of donation from the EESC remains limited to the provision of the free-rent facility of £550k consistent with the rateable value of the site.

In 2023, further assurance that the Charity is a going concern was provided to the Board of Trustees which assessed the forecast, the availability of financing and cash flow for the next 18 months. A 5-year plan (2023-2027) providing a longitudinal view of the expected cash flows during the period showed further growth in its results and funds position thanks to the London campus being sought after by students and new specialisations added to the local portfolio.

The Charity intends to create a Reserve policy in 2024.

Key management personnel and remuneration policy

The SMB constitutes the grouping of key management personnel of the London Campus.

This group consists of the Dean of Campus, Directors, and Associate Directors of Professional Services and a Senior Faculty Representative. The number of people included within key management in 2023 was 6. In 2022 it comprised of 7 members.

Within this group, Directors and Associate Directors are subject to annual pay review via the Charity's Reward and Remuneration Committee (RRC). A number of criteria are used for setting or revising compensation such as, but not limited to, the nature of the role and responsibilities of each individual, average salaries for comparable positions across the sector, and the trend in pay in recent years. Annual performance reviews may result in the award of performance-based bonuses, salary increments, and/or grade modifications. Note 7 provides details of the remuneration components of the UK Dean.

ESCP Europe Business School

Trustees' Report

The senior faculty representatives are subject to the faculty performance evaluations applicable to all faculty with the exception of the Campus Dean. This process is governed locally by the Campus Faculty Advisory Committee (CFAC).

Financial review and results for the year

On a consolidated basis, the total revenues of the Charity in 2023 increased from £11.8m in 2022 to £14.5m in 2023. This was primarily due to higher numbers of students in the BIM and MIM as well as improvement from Executive Education activities which increased by £0.4m, reaching £1.5m in 2023 (2022: £1.1m).

The level of operational donation from the EESC, excluding rent, amounted to £nil with the provision of rent-free premises from the EESC is recognised as a gift in kind of £550k (2022: £615k).

The evolution of the EESC subsidies between 2023 and 2022 are reported in the Statement of Financial Activities and in note 3 to the financial statements.

The expenditure for the year totalled £11.7m for 2023 (2022: £13.5m). Considering the fact that this year's figure includes the pension provision release for £3.7m, the total expenditure comparable is £15.4m. The key drivers of this increase are mainly related to bigger cohorts of students with a combination of a) a higher teaching wage bill, b) professionalisation of the Charity's workforce with the restructuring of the HR department and added support members (IT and Student Services) c) enhancement of the premises and its facilities to maximise the site capacity.

These activities will continue to strengthen the London campus's position in supporting higher student numbers with excellence.

The net consolidated result for the year is a net surplus of £2,822k (2022: loss of £1,703k). ESCP Europe Corporate Services Limited generated a surplus of £290k (2022: £148k) which was then transferred as a gift-aided donation from to the Charity.

Going concern

The Board has carefully assessed whether the Charity is a going concern in reference to its financial position, performance and the availability of financing as outlined in the financial review. Particular note has been taken to ensure the assessment is proportionate to the size and level of financial risk and complexity of the organisation. In addition to the analysis of the current financial position, the Charity prepared a 5-year plan (2024-2028) highlighting the progressive growth in funds, using realistic headcount and investment assumptions for the period.

As of 31 December 2023, the Charity has net consolidated current assets of -£0.7m (2022: £0.6m), a positive balance of cash of £2m (2022: £3.2m) reflecting the change in payment modality with our federal centre. and a level of borrowing of £1.2m (Estate development related). Long-term liabilities are nil, other than borrowing, (£2022: £3.7m) following the release of the USS pension deficit provision.

Sources of income for the year ahead will be secured through 1/ a growing flow of students recruited at Federal level and sent to the London Campus; 2/ a sustained recruitment of students for the local masters; and 3/ an increased activity of the executive education. Further investment in the estate will be funded by additional borrowing from EESC ESCP. On that basis, the cash flow forecast for the next 18 months reveals positive cash balances throughout the period.

The statement of the Board responsibilities; the description of the organisation management; and the review of internal controls summarise the arrangements the Charity has in place for the identification and management of risk.

Taking the above into account, the Trustees have a reasonable expectation that adequate resources exist to continue operations for the foreseeable future and the going concern basis continues to be appropriate for preparing the annual financial statements.

ESCP Europe Business School

Trustees' Report

Independent Auditors

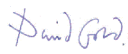
Each of the persons who is a trustee at the date of approval of this report confirm that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Trustees on 26th March 2024 and signed on behalf of the Board.

David Gold

DocuSigned by:

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Chairman of the Board of Trustees

31st May 2024

ESCP Europe Business School

Trustees' responsibilities statement

The Trustees (who are also directors of ESCP Europe-Business School for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2019 version);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of ESCP Europe Business School

Report on the audit of the financial statements

Opinion

In our opinion, ESCP Europe Business School's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's incoming resources and application of resources, including its income and expenditure, gains and losses, changes in reserves and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 31 December 2023; the consolidated statement of financial activities (including consolidated income and expenditure account) and the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group's and the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Trustees' Report and the Strategic Report included within it, we also considered whether the disclosures required by the UK Companies Act 2006 and Charities Act 2011 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Strategic Report and the Trustees' Report for the period ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and the Trustees' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 group's and company'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 and company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the initial and ongoing conditions of registration with the Office for Students and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements such as the Office for Students' Accounts Direction (OfS 2019.41) and the Companies Act 2006. We evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), by the trustees and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements and determined that the principal risks were related the posting of inappropriate journals to increase revenue or to conceal the misappropriation of assets. Audit procedures performed included:

- Evaluating management's controls designed to prevent and detect irregularities.
- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations.
- Obtaining independent confirmation of material cash balances at period end.
- Challenging assumptions and judgements made by management in significant account estimates.
- Testing unusual or unexpected journal entries, particularly those impacting revenue.

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the company for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation.

Under the Office for Students' Accounts Direction, we are required to report to you if we have anything to report in respect of the following matter:

- The company's fee income, as disclosed in note 4b to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



David Hagger (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 May 2024

ESCP Europe Business School

Consolidated statement of financial activities (including consolidated income and expenditure account) Year ended 31 December 2023

	Note	Unrestricted Funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income				
Donations	3	550,000	550,000	615,000
Charitable activities				
Student fees	4.a	11,718,801	11,718,801	9,533,700
Other educational income	5.a	1,986,523	1,986,523	1,589,520
Investment income		120,768	120,768	17,435
Other income	5.b	156,642	156,642	54,811
		<u>14,532,734</u>	<u>14,532,734</u>	<u>11,810,466</u>
Total income				
Expenditure				
	6			
Charitable activities		(14,574,629)	(14,574,629)	(13,513,924)
Net USS pension deficit adjustment	12.	3,650,554	3,650,554	427,867
EESC Debtor release	6a	(786,871)	(786,871)	(427,867)
		<u>(11,710,946)</u>	<u>(11,710,946)</u>	<u>(13,513,924)</u>
Total expenditure				
Net outcome for the year		<u>2,821,788</u>	<u>2,821,788</u>	<u>(1,703,458)</u>
Net movement in funds		<u>2,821,788</u>	<u>2,821,788</u>	<u>(1,703,458)</u>
Reconciliation of funds				
Total funds brought forward		(2,292,984)	(2,292,984)	(589,526)
Net movement in funds for the year		2,821,788	2,821,788	(1,703,458)
Total funds carried forward	16	<u>528,804</u>	<u>528,804</u>	<u>(2,292,984)</u>

There were no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derive from continuing activities. Expenditure is deemed on charitable activities.

ESCP Europe Business School

Balance sheets as at 31 December 2023

	Note	Group		Company	
		2023	2022	2023	2022
		£	£	£	£
Fixed assets					
Tangible assets	8	2,415,488	812,094	2,415,488	812,094
Investments	9	-	-	1	1
		<u>2,415,488</u>	<u>812,094</u>	<u>2,415,489</u>	<u>812,095</u>
Current assets					
Debtors	10	2,402,124	2,523,562	2,573,197	2,714,499
Cash at bank and in hand		2,355,471	3,543,625	2,038,802	3,199,952
		<u>4,757,595</u>	<u>6,067,187</u>	<u>4,611,999</u>	<u>5,914,451</u>
Creditors: amounts falling due within one year	11	<u>(5,644,281)</u>	<u>(5,432,105)</u>	<u>(5,498,687)</u>	<u>(5,279,371)</u>
Net current (liabilities)/assets		<u>(886,686)</u>	<u>635,082</u>	<u>(886,688)</u>	<u>635,080</u>
Total assets less current liabilities		1,528,802	1,447,176	1,528,801	1,447,175
Provision for pension scheme liability	12.a	-	(3,650,554)	-	(3,650,554)
Creditors: amounts falling due after one year	12.b	<u>(999,998)</u>	<u>(89,606)</u>	<u>(999,998)</u>	<u>(89,606)</u>
Net assets /(liabilities)		<u>528,804</u>	<u>(2,292,984)</u>	<u>528,803</u>	<u>(2,292,985)</u>
Funds					
Unrestricted funds:					
- General fund		<u>528,804</u>	<u>(2,292,984)</u>	<u>528,803</u>	<u>(2,292,985)</u>
Total funds	16	<u>528,804</u>	<u>(2,292,984)</u>	<u>528,803</u>	<u>(2,292,985)</u>

The net result of the parent Charity for the year for Companies Act purposes is a surplus of £2,822k in 2023 (2022: loss of £1,703k). As permitted by section 408 of the Companies Act 2006, no separate Statement of Financial Activities is presented in respect of the parent Charity.

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 “the Financial Reporting Standard applicable in the UK and Republic of Ireland” and the Companies Act 2006.

The notes on pages 23 to 44 form an integral part of these financial statements.

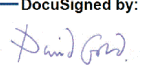
The financial statements of ESCP Europe Business School, registered number 1876779, on pages 20 to 44, were approved and authorised for issue by the Directors on 26th March 2024.

Signed on behalf of the Board of Directors

Trustee/Director

David Gold

31st May 2024

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Trustee/Director

Leon Laulusa

31st May 2024

DocuSigned by:

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ESCP Europe Business School

Consolidated cash flow statement Year ended 31 December 2023

	Note	Total funds 2023 £	Total funds 2022 £
Net cash flows (used in)/generated from operating activities	18	(473,788)	611,241
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,835,782)	(198,105)
Cash flows from financing activities			
EESC financing loan - outflow		(78,584)	(50,014)
EESC financing loan - inflow		1,200,000	-
Net (decrease)/increase in cash and cash equivalents		(1,188,154)	363,122
Cash and cash equivalents at beginning of the year		3,543,625	3,180,503
Cash and cash equivalents at the end of the year		<u>2,355,471</u>	<u>3,543,625</u>

Cash and cash equivalents comprise of cash at bank, cash in hand and revaluation adjustment of the Euros denominated accounts at year end.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

1. Accounting policies

Basis of financial statements preparation

The financial statements have been prepared under the historical cost convention in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2019 revised version)” applicable to charities preparing their financial statements in accordance with Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), FRS102; and the Companies Act 2006 and the OfS Accounts Direction.

The Charity is a public benefit entity as defined by FRS102.

The functional currency of ESCP is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The presentation currency is pounds sterling.

ESCP Europe Business School meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

The group financial statements consolidate the financial statements of the Charity and its subsidiary undertaking, ESCP Europe Corporate Services Limited drawn up to 31 December every year. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

After making enquiries, the Trustees have a reasonable expectation that the Charity has access to adequate resources to continue its activity for the foreseeable future. Accordingly, the Trustees continue to adopt the going concern basis in preparing the financial statements. More information on the going concern assumption is given on page 14 in the Trustees’ report.

These financial statements include the results of the subsidiary ESCP Europe Corporate Services Limited. The results of this subsidiary are consolidated on a line-by-line basis. A separate statement of financial activities has not been presented for the charity alone.

Donations

The EESC ESCP Europe did not provide any operational subsidy to the Charity to cover the net excess of expenditure over income during the year.

In 2023, the EESC donation was limited to providing rent-free facilities to the Charity, where the trustees use the rateable value determined by the Valuation Office Agency. In 2023, this was estimated at £550k (2022: £615k) and recorded as a donation in the SOFA (Note 3), with a matching expenditure.

Student fees and other educational income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Income is deferred when it is received in advance for services to be provided in following periods.

Other income

Other income regroups the costs pertaining to the recharges of funded research costs for the L’Oreal and Cartier Chairs (2022: £55k) and sundry incomes.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

1. Accounting policies (continued)

Expenditure

Expenditure is accounted for on an accrual's basis. Support costs, which are overhead and other costs not directly attributable to particular functional activity categories, are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year, either by reference to staff time or space occupied, as appropriate. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs associated with constitutional and statutory requirements and include external audit fees and any legal advice for the Trustees.

Foreign currency transactions

Foreign currency exchange conversion is made at the rate ruling at the time of the transaction, or for balance sheet items at the average rate of the previous month using HMRC's website.

Fund accounting

Unrestricted funds – these are funds available to be used in accordance with the Charity's charitable objects at the discretion of the Trustees.

Tangible fixed assets

The freehold of the premises occupied by the Charity is owned by the EESC-ESCP Europe.

Tangible fixed assets are stated at cost less depreciation. The rates of depreciation of capital assets are as follows:

Building Improvements

Leasehold improvements - straight line over ten years for fixtures and fittings

Freehold improvements - straight-line over twenty-five years or remaining life of the lease, whichever is shorter, for structural upgrade (roofs, facades)

IT equipment - straight-line over three years

Office furniture and equipment - straight-line over five years for general upgrade

The Charity performs impairment reviews of its assets annually. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than its carrying amount.

Pension scheme

The Charity participates in the Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits.

The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The Charity is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the Charity, therefore, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme.

The latest actuarial valuation was carried out in March 2023 and completed in December 2023 for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

1. Accounting policies (continued)

Pension scheme (continued)

As shown in the latest actuarial valuation report on 31 March 2023, the future service cost and surplus were tracked at 20.6% (2020: 36.7%) and £7.4bn (2020: -£15.2bn) respectively. Assets stood at £73.1bn – having risen from £66.5bn in March 2020. FRS 102 requires that when the schedule of contributions of the scheme includes contributions designed to eliminate any deficit in funding, a provision is recorded for the present value of contributions due under the schedule. The schedule of contributions in force until 20 December 2023 included deficit funding contributions based on the deficit identified in the actuarial valuation as at 31 March 2020. The new schedule of contributions, based on the 31 March 2023 valuation, which commenced on 21 December 2023, includes no deficit recovery contributions from 1 January 2024 and so the provision previously recognised (£3.7m at 31 December 2022) and the matching EESC Debtor (2022: £793K) have been released; bringing a net positive impact of £2.8m. The next triennial valuation would start 31 March 2026 with results announced in 2027.

Further information about the latest actuarial valuation of the Scheme is provided in note 12.a to the financial statements.

At 31 December 2023 the Charity had 100 active institutional members participating in the scheme (2022: 90). The contribution rate payable by the institution was an average 21.6% of pensionable salaries. During 2024, the average contribution rate will be 14.5%.

Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis. See note 17.

Tax

As a registered charity, the Charity is exempt from corporation tax under the Corporation Tax Act 2010 or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes. No corporation tax charge has arisen in the Charity's subsidiary due to its ability to off-set its liability against previous year losses (2022: £nil).

Financial instruments

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company 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.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

Critical accounting judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations, the Trustees have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Key management judgement is applied in the processing of accounting journals, preparation of the accounting estimates and accounting for significant or unusual transactions. Management ensures that there is a limited risk of override of controls through the implementation and careful monitoring of internal financial controls, clear segregation of duties and qualitative explanations provided to support the business rationale where significant transactions are of an unusual nature.

Accounting judgement

- Income recognition

The Trustees acknowledge that the Charity derives the great majority of its income from student fees for courses and from the donation from the EESC. In doing so, the main judgement surrounding income recognition relates to the cut-off date, specifically for students whose programmes span across two calendar years. In making this judgement, management uses the student course timetable to allocate revenues to the appropriate accounting period.

- Valuation of donated rent-free facilities

With regards to the valuation of the donated gift in kind pertaining to the rent of the site, the Trustees use reference to the rateable value of the site as defined by the Valuation Office Agency as the best estimate of what they would be willing to pay for the use of the site.

- USS retirement benefit obligation

The USS scheme is a multi-employer scheme. There is insufficient information to allow the Charity to identify the share of assets and liabilities of the scheme and so it is accounted for as a defined contribution scheme. The new schedule of contributions, based on the 31 March 2023 valuation, which commenced on 21 December 2023, includes no deficit recovery contributions from 1 January 2024. As there is no requirement to pay deficit funding, there is no longer an estimate.

Accounting estimates

- Year-end Federal profit-sharing estimate

For the first time in 2022, the Charity paid Group profit-sharing bonuses to all staff in permanent employment for more than 3 months at the end of 2021. The principles of this payment are determined at Federal level including the parameters of the calculation of the bonus.

As part of the 2023 closing, the Federal team instructed the Charity to process a 2023-related profit-sharing accrual based on a monthly salary of each permanent employee at the end of 2023 with more than 3 months of employment with the Charity. The value of the 2023 accrual at year-end amounted to £0.4m.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

3. Donations

	2023 £	2022 £
Rent-free donation for the year	550,000	615,000
	<u>550,000</u>	<u>615,000</u>

4.a Student fees

	2023 £	2022 £
Masters' qualifications (full-time degrees)	8,341,354	6,890,969
Bachelor in Management (full-time degree)	3,377,447	2,642,731
	<u>11,718,801</u>	<u>9,533,700</u>

4.b Details of fee income

	2023 £	2022 £
Fee income for taught awards (exclusive of VAT)	12,621,518	9,870,018
Fee income for research awards (exclusive of VAT)	-	113,036
Fee income from non-qualifying courses (exclusive of VAT)	701,153	504,229
	<u>13,322,671</u>	<u>10,487,283</u>

5.a Other educational income

	2023 £	2022 £
Income from funded research	52,714	113,036
Executive education income (part-time degrees)	1,553,196	1,105,511
Seminars and conferences	44,184	71,765
Other educational income	336,429	299,208
	<u>1,986,523</u>	<u>1,589,520</u>

5.b Other income

	2023 £	2022 £
Expenses recharged to clients	93,868	48,608
Other miscellaneous income	62,774	6,203
	<u>156,642</u>	<u>54,811</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

6. Expenditure

Total expenditure

	Staff costs £	Depreciation £	Direct costs £	Support costs £	Total £
2023					
Total Expenditure	4,085,115	308,894	6,573,890	743,047	11,710,946
2022					
Total Expenditure	6,820,441	277,064	5,850,653	565,766	13,513,924

Direct costs

Direct costs consist of:

	2023 £	2022 £
Personnel recharged	1,117,027	1,091,247
Premises	1,272,501	1,086,990
Administration of the Charity	1,041,494	1,017,459
Teaching fees invoiced	774,949	737,037
Marketing and recruiting	1,035,690	1,024,200
Release of EESC pension debtor for the year*	786,871	427,867
Other	545,358	465,853
	<u>6,573,890</u>	<u>5,850,653</u>

* In 2015, the Charity recorded a provision for deficit funding of its pension scheme (USS). A corresponding asset had been recognised in relation to funding from CCIR (then transferred to EESC) to cover this liability. It was reviewed on an annual basis and was fully released in 2023 following USS 2023 actuarial valuation and release of the provision.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

6. Analysis of total expenditure (continued)

Support costs

Support costs consist of:

	2023	2022
	£	£
Finance – foreign exchange loss	20,991	70,139
Information technology	320,742	224,311
Governance costs	401,314	271,316
	<u>743,047</u>	<u>565,766</u>

Governance costs include:

	2023	2022
	£	£
Legal and professional fees	176,096	67,581
Statutory fees (UCAS, QAA and CLA)	225,218	203,735
	<u>401,314</u>	<u>271,316</u>

Included in expenditure are the following:

	2023	2022*
	£	£
Fees payable to the company's auditors for the audit of the company's accounts (excl. VAT)	45,152	39,226
Tax advisory fees paid to the company's auditors (excl. VAT)	-	6,000
Tax compliance fees paid to the company's auditors (excl. VAT)	2,750	4,900
Fees payable to the company's auditors for the audit of the subsidiary's accounts (excl. VAT)	4,248	3,638
Depreciation	308,894	277,064
Operating lease rentals: plant & equipment	60,373	62,662
	<u>743,047</u>	<u>565,766</u>

(*) The reporting was previously done inclusive of VAT. The 2022 entries are now corrected accordingly (excl. of VAT).

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Notes to the financial statements Year ended 31 December 2023

7. Analysis of staff costs

	2023	2022
	£	£
Wages and salaries	5,624,213	5,434,229
Social security costs	722,873	657,891
Pension costs	845,531	706,589
Net USS pension deficit adjustment	(3,650,554)	(427,867)
	<u>3,542,063</u>	<u>6,370,842</u>
Temporary administration staff	184,379	156,770
Staff welfare costs	137,934	114,623
Recruitment and staff training costs	172,394	131,930
	<u>4,036,770</u>	<u>6,774,165</u>
Personnel recharged by ESCP EUROPE Paris	48,345	46,276
	<u>4,085,115</u>	<u>6,820,441</u>

The average monthly number of employees during the year was 94 (2022: 88) made up as follows:

	2023 No.	2022 No.
Teaching	31	28
Administration	63	60
	<u>94</u>	<u>88</u>

The Trustees did not receive any remuneration nor expenses during the year (2022: £nil).

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

7. Analysis of staff costs (continued)

The number of employees employed by the Charity during the year whose remuneration is above £60k is:

	2023	2022
	No.	No.
£60,000 - £69,999	3	7
£70,000 - £79,999	10	4
£80,000 - £89,999	2	2
£90,000 - £99,999	3	5
£100,000 - £109,999	3	2
£110,000 - £119,999	4	4
£120,000 - £129,999	3	2
£130,000 - £139,999	1	2
£140,000 - £149,999	1	-
£150,000 - £159,999	1	-
£160,000 - £169,999	1	1
£200,000 - £210,999	1	-
	=====	
TOTAL	33	29

Key management pay

Key management pay includes the full-time equivalent basic salary of all staff earning in excess of £100,000. It does not include compensation for teaching additional loads, bonuses or research payments. The number of employees, excluding the UK Dean, employed by the Charity during the year is:

In accordance with the OfS Accounts Direction, this data does not include any staff who joined or left during the year.

	2023	2022
	No.	No.
£105,000 - £109,999	-	1
£110,000 - £114,999	1	-
£155,000 - £159,999	-	1
£160,000 - £164,999	1	-
	=====	
TOTAL	2	2
	=====	

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

Emoluments of the UK Dean of the Charity

The UK Dean's complex set of responsibilities calls for a particular combination of qualities including strategic thinking and leadership, people management, problem solving and decision-making. These demonstrated competences and the Dean's effective market value as an experienced HE leader with both U.K. and European experience, are factors in determining the UK Dean ongoing remuneration.

The UK Dean's performance objectives for the year are set by the Executive President of the ESCP Group on the advice of the remuneration committee of the Charity at the beginning of the calendar year. The Chair of the Board of Trustees / the Executive President of the ESCP Group undertake an annual performance review of the UK Dean against the objectives, the results of which are reported to the Remuneration Committee. The Committee uses this information as the basis for assessing progress against agreed outcomes at the end of the year.

Details of the emoluments of Professor Kamran Razmdoost as UK Deans are given below:

	2023 £	2022 £
Basic salary	100,739	96,288
Pension contributions	21,472	20,750
Additional duties	26,047	
Performance-related pay and other bonuses	22,006	19,267
	170,264	136,305

Salaries are stated gross, before deductions of pension contributions made under the Charity's pension plan. The mentioned performance bonus was awarded in 2023 but is related to 2022.

- *OfS pay ratios*

The Accounts Direction from OfS defines two pay ratios to be included in the financial statements: a basic salary ratio and a total remuneration ratio.

The basic salary ratio is defined as: the UK Dean salary / the median salary of the whole workforce.

The total remuneration ratio is defined as: the UK Dean total remuneration including both taxable and non-taxable benefits / the median total remuneration of the whole workforce, including taxable benefits.

For both of these ratios, the figures below include all academic and non-academic staff and include all employees who are required to be included in real-time reporting to HMRC. This is in line with the OfS Accounts Direction.

OfS pay ratios for the UK Dean, Professor Kamran Razmdoost

The ratio of Professor Razmdoost's basic salary, so defined, to that of all staff is 2.17 times (£100,739/ £46,408) the median pay of all staff for 2023 (2022: 2.25), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the Charity to its staff.

The ratio of Professor Razmdoost's total remuneration, so defined, to that of all staff is 3.29 times (£170,264/ £51,822) the median total remuneration of all staff for 2023 (2022: 2.92), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of all of Charity's staff.

No ancillary expenditures were allocated to Professor Razmdoost in the context of any on-site accommodation.

Key management personnel remuneration (including pension contributions but excluding employer's NIC) in 2023 was £828,008 (2022: £1,413,241) in relation to 6 (2022: 11) staff members. Total employer's NIC paid in respect of key management personnel of the Charity for the year totalled £92,519 (2022: £164,353). No compensation for loss of office was paid to any key management personnel in 2023. The key management personnel are defined on page 13.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

8. Tangible assets

Group and Company

	Building Improvements £	IT equipment £	Office furniture and equipment £	Total £
Cost				
At 1 January 2023	1,160,644	443,402	118,214	1,722,260
Additions	1,682,993	197,362	31,932	1,912,287
Disposals	(138,660)	(85,270)	(1,033)	(224,963)
At 31 December 2023	<u>2,704,977</u>	<u>555,494</u>	<u>149,113</u>	<u>3,409,584</u>
Accumulated depreciation				
At 1 January 2023	497,162	344,806	68,198	910,166
Charge for year	201,392	85,947	21,555	308,894
Disposals	(138,660)	(85,269)	(1,035)	(224,964)
At 31 December 2023	<u>559,894</u>	<u>345,484</u>	<u>88,718</u>	<u>994,096</u>
Net book value				
At 31 December 2023	<u>2,145,083</u>	<u>210,010</u>	<u>60,395</u>	<u>2,415,488</u>
At 31 December 2022	<u>663,482</u>	<u>98,596</u>	<u>50,016</u>	<u>812,094</u>

All assets are held for charitable purposes. The Trustees carry out impairment reviews when events or changes in circumstances indicate the need for such a review.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

9. Investments

Company

	2023 £	2022 £
Investment in trading subsidiary	1	1

The Charity's Trading subsidiary, ESCP Europe Corporate Services Limited, carries out executive education and funded studies. Its company number is 07468929 and it is incorporated in the United Kingdom. The Company's objects are:

- to carry on business in executive education, training and conductors and commissioners of research;
- to make donations (whether by way of gift aid or otherwise), and/or to provide other forms of support to the Charity; and
- to promote the interests of the Charity in the global corporate business environment.

The subsidiary had the following results in the year:

	2023 £	2022 £
Turnover	835,642	557,042
Expenditure	(545,900)	(408,450)
Profit before gift aid to the parent company	289,742	148,592
Gift aid	(289,742)	(148,592)
Profit after gift aid to the parent company	-	-
Assets	638,524	561,469
Liabilities	(638,524)	(561,469)
Net assets	-	-

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

10. Debtors

	2023		2022	
	Group £	Company £	Group £	Company £
Trade debtors	1,626,605	968,436	1,216,933	935,517
Prepayments and accrued income	516,757	893,705	343,703	514,889
Other debtors	72,280	46,567	52,592	4,190
Amounts due from subsidiary undertaking	-	201,154	-	229,948
Donation gift-aided by subsidiary undertaking	-	289,742	-	148,592
EESC debtor (pension liability commitment)	-	-	793,361	793,361
Amounts due from group undertakings	186,482	173,593	116,973	88,002
	<u>2,402,124</u>	<u>2,573,197</u>	<u>2,523,562</u>	<u>2,714,499</u>

11. Creditors: amounts falling due within one year

	2023		2022	
	Group £	Company £	Group £	Company £
Trade creditors	348,608	332,571	110,800	65,389
Taxation and social security	179,842	179,842	288,884	288,884
Other creditors	295,449	277,792	93,544	52,958
Amounts due to group undertakings - borrowings	211,024	211,024	78,584	78,584
Accruals and deferred income	4,480,638	4,368,738	4,145,293	4,080,434
EESC current account	-	-	36,978	36,978
Amounts due to group undertakings	128,720	128,720	678,022	676,144
	<u>5,644,281</u>	<u>5,498,687</u>	<u>5,432,105</u>	<u>5,279,371</u>
	2023	2022	2023	2022
	Group	Company	Group	Company
	£	£	£	£
Reconciliation of movement in deferred income				
Balance brought forward	3,389,867	3,364,081	2,077,326	2,077,326
Amount released to SOFA during the year	(3,389,867)	(3,364,081)	(2,077,326)	(2,077,326)
Amount deferred during the year	3,760,173	3,654,039	3,389,867	3,364,081
	<u>3,760,173</u>	<u>3,654,039</u>	<u>3,389,867</u>	<u>3,364,081</u>
Balance carried forward	3,760,173	3,654,039	3,389,867	3,364,081

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

12.a Provision for pension scheme liability

USS 2023 valuation parameters

The latest available complete actuarial valuation of the Retirement Income Builder (defined benefit) component of USS is at 31st March 2023 (the valuation date), which was carried out using the projected unit method.

The 2023 valuation was the seventh valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £73.1 billion and the value of the scheme's technical provisions was £65.7 billion indicating a surplus of £7.4 billion and a funding ratio of 111%.

The key financial assumptions used in the 2023 valuation are as follows:

- CPI assumption: 3.0% pa (based on a long term average expected level of CPI, broadly consistent with long term market expectations);
- Pension increases (subject to a floor of 0%): CPI assumption plus 0.03% - subject to a "soft cap" of 5% (providing inflationary increases up to 5%, and half of any excess inflation over 5% up to a maximum increase of 10%)
- Discount rate (forward rates): Fixed interest gilt yield curve plus Pre-retirement: 2.5% p.a. and Post retirement: 0.09% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2023 actuarial valuation. The mortality assumptions used in these figures are as follows:

- Mortality base table: 101% of S2PMA "light" for males and 95% of S3PFA for females; and
- Future improvements to mortality: CMI_2021 with a smoothing parameter of 7.5, an initial addition of 0.4% pa, 10% w2020 and w2021 parameters, and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

A change in contributions will apply from 2024 (Employer: 14.5% - Member: 6.1%) with enhanced benefits.

Pension provision

At 31 December 2022, the value of the provision related to the USS pension deficit of the Charity was £3,650,554. In 2023, following the latest actuarial valuation, the provision was released in its entirety thus bringing the net liability and the net EESC asset to nil at year-end (2022: asset of 793,361).

Group and company	2023	2022
	£	£
At 1 January	3,650,554	4,078,421
Net credited to the SOFA	(3,650,554)	(427,867)
At 31 December	-	3,650,554

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Notes to the financial statements Year ended 31 December 2023

12.a Provision for pension scheme liability (continued)

Reconciliation of the (income) / charge made through the SOFA

	2023 £	2022 £
Payments made during the year	(242,139)	(155,053)
Unwinding of discount	127,405	43,639
Adjustments	<u>(3,535,820)</u>	<u>(316,453)</u>
Total charged to SOFA	<u><u>(3,650,554)</u></u>	<u><u>(427,867)</u></u>

12.b Creditors: amounts falling due after one year

Loans Financing Agreement

In September 2019, the Charity requested a five-year Loan Financing Agreement from its parent company the EESC to assist with the financing of essential internal refurbishments which took place during the summer 2019. The total amount of the loan was agreed for an amount of £250,064, bearing an interest of 4%. At the end of the year, repayments of £50,013 for the principal of the loan and of £3,584 for the 2023 related interests were made, bringing the balance of the loan at £39,593 at year-end.

In October 2023, the Charity requested a seven-year Loan Financing Agreement from its parent company to assist with the financing of the residential wing refit and roof repairs which took place during the summer of 2023. The total amount of the loan was agreed for an amount of £1,200,000, bearing an interest of 4%. At the end of the year, repayments of £28,571.43 for the principal of the loan and of £8,000 for the 2023 related interests were made, bringing the balance of the loan at £1,171,429 at year-end.

	2023 £	2022 £
Balance at the beginning of the year	<u>89,606</u>	<u>139,619</u>
Loan financing agreement	1,200,000	-
Repayment during the year (principal)	(78,584)	(50,013)
Interests due at year end	-	-
Balance at the end of the year	<u>1,211,022</u>	<u>89,606</u>
Total charged to SOFA (interests)	11,584	5,585
Due within one year	211,024	50,013
Due between one and five years	685,714	39,593
Due after five years	314,284	-
Total loan	<u>1,211,022</u>	<u>89,606</u>

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Notes to the financial statements Year ended 31 December 2023

12.c Consolidated reconciliation of net debt

	2023 £
Net debt opening balance - 1 January 2023	3,454,019
Cash flows related to the movement in cash and cash equivalents	(1,188,154)
Cash flows related to the movement in loans	(1,121,416)
Change in net debt	(2,309,570)
Net debt closing balance - 31 December 2023	1,144,449

	2023 £	2022 £
<u>Analysis of net debt</u>		
Cash and cash equivalents	2,355,471	3,543,625
Borrowings: amount falling due within one year		
Unsecured loans	(211,024)	(50,013)
Borrowings: amount falling due after more than one year		
Unsecured loans	(999,998)	(39,593)
Net debt	1,144,449	3,454,019

13. Net assets of the company

	Fixed assets/ Investments £	Net current assets excl. loans £	Loans £	Provision £	Fund balances £
2023					
Unrestricted funds	<u>2,415,489</u>	<u>(675,664)</u>	<u>(1,211,022)</u>	=	<u>528,803</u>
2022					
Unrestricted funds	<u>812,095</u>	<u>635,080</u>	<u>(89,606)</u>	<u>(3,650,554)</u>	<u>(2,292,985)</u>

14. Membership liability

In accordance with Clause (7) of the Charity's Memorandum of Association, every member of the Charity undertakes to contribute to the assets of the Charity in the event of the same being wound up while he, she or it remains a member or within 12 months afterwards, to pay one pound towards the costs of dissolution and the liabilities incurred by the Charity while he, she or it was a member.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

The sole member of the Charity is the EESC ESCP Europe at 31 December 2023.

15. Related party transactions

Donation and fees were received from EESC ESCP Europe during the year as follows:

	2023	2022
	£	£
Provision of rent-free premises	550,000	615,000
Undergraduate programme fee income	3,377,447	2,642,731
Postgraduate programmes – Full-time Masters fee income	4,661,412	3,844,104
	<u> </u>	<u> </u>

Full-time Masters fee income covers fees received from the EESC for students on shared programmes (MiM, MBA, and other visiting Masters).

The following income and recharges of costs were made in the year (including amounts referenced above):

Company	Income/recharges		Debtor at 31 December	
	2023	2022	2023	2022
	£	£	£	£
EESC ESCP EUROPE	9,234,828	6,954,769	138,915	63,416
EESC Pension Debtor	-	-	-	793,361
ESCP EUROPE Madrid	154,856	107,470	24,508	1,079
ESCP EUROPE Berlin	20,261	6,068	3,087	6,068
ESCP EUROPE Torino	4,343	22,046	7,083	22,046
ESCP EUROPE Foundation	152,082	111,357	-	-
ESCP EUROPE Corporate Services Limited	417,013	221,818	201,154	260,142
ESCP EUROPE Corporate Services Limited - Donation	289,742	148,592	289,742	148,592
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Group	Income/recharges		Debtor at 31 December	
	2023	2022	2023	2022
	£	£	£	£
EESC ESCP EUROPE	9,332,008	6,983,390	151,804	81,477
EESC Pension Debtor	-	-	-	793,361
ESCP EUROPE Madrid	154,856	107,470	24,508	1,079
ESCP EUROPE Berlin	20,261	6,068	3,087	6,068
ESCP EUROPE Torino	32,306	32,956	7,083	32,956
ESCP EUROPE Foundation	152,082	111,357	-	-

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

The following costs were also incurred during the year:

Company	Costs		Creditor at 31 December	
	2023	2022	2023	2022
	£	£	£	£
EESC ESCP EUROPE	1,344,924	485,053	74,822	615,074
EESC Pension Debtor	793,361	427,867	-	-
EESC Loan	11,584	5,585	1,211,022	89,606
ESCP EUROPE Berlin	26,926	1,461	26,926	1,461
ESCP EUROPE Madrid	33,357	107,864	26,972	55,002
ESCP EUROPE Torino	1,685	6,401	-	-

Group	Costs		Creditor at 31 December	
	2023	2022	2023	2022
	£	£	£	£
EESC ESCP EUROPE	1,344,924	485,053	74,822	615,074
EESC Pension Debtor	793,361	427,867	-	-
EESC Loan	11,584	5,585	1,211,022	89,606
ESCP EUROPE Berlin	26,926	1,461	26,926	1,461
ESCP EUROPE Madrid	80,732	134,733	26,972	56,880
ESCP EUROPE Torino	1,685	6,401	-	-

EESC ESCP EUROPE, ESCP EUROPE Madrid, ESCP EUROPE Berlin, ESCP EUROPE Corporate Services Limited and ESCP EUROPE Torino are related by virtue of being part of the same group, headed by EESC ESCP Europe. ESCP EUROPE Foundation is related by virtue of common directors/Trustees.

EESC ESCP Europe is the sole member of each ESCP Europe campus.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

16 Movements on funds

	At 1 January 2023 £	Income £	Expenditure £	At 31 December 2023 £
Unrestricted funds				
General fund	412,613	13,697,092	(13,580,902)	528,803
Pension funding	(2,705,598)	-	2,705,598	-
Unrestricted funds total	<u>(2,292,985)</u>	<u>13,697,092</u>	<u>(10,875,304)</u>	<u>528,803</u>
Total charity funds	(2,292,985)	13,697,092	(10,875,304)	528,803
Unrestricted funds				
ESCP Europe CS Limited	1	835,642	(835,642)	1
Total group funds	<u>(2,292,984)</u>	<u>14,532,734</u>	<u>(11,710,946)</u>	<u>528,804</u>

	At 1 January 2022 £	Income £	Expenditure £	At 31 December 2022 £
Unrestricted funds				
General fund	2,227,485	11,142,010	(12,956,882)	412,613
Pension funding	(2,817,012)	111,414	-	(2,705,598)
Unrestricted funds total	<u>(589,527)</u>	<u>11,253,424</u>	<u>(12,956,882)</u>	<u>(2,292,985)</u>
Total charity funds	(589,527)	11,253,424	(12,956,882)	(2,292,985)
Unrestricted funds				
ESCP Europe CS Limited	1	557,042	(557,042)	1
Total group funds	<u>(589,526)</u>	<u>11,810,466</u>	<u>(13,513,924)</u>	<u>(2,292,984)</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

17. Financial commitments

Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases:

	2023	2023	2022	2022
	Land and buildings	IT equipment	Land and buildings	IT equipment
	£	£	£	£
Group and Charity				
- Within one year	166,706	38,739	-	38,739
- Between one and five year	326,465	49,550	-	89,853
	<u>493,171</u>	<u>88,289</u>	<u>-</u>	<u>128,592</u>

18. Net cash flows generated from operating activities

Reconciliation of net income to cash generated by operations:

	2023	2022
	£	£
Net outcome for the year	2,821,788	(1,703,458)
Adjustments for:		
Depreciation charges	<u>308,894</u>	<u>277,064</u>
Operating cash flow before movement in working capital	3,130,682	(1,426,394)
Decrease in debtors	121,438	579,202
Decrease in creditors	(75,354)	1,886,300
Decrease in provisions	<u>(3,650,554)</u>	<u>(427,867)</u>
Cash generated from operating activities	<u>(473,788)</u>	<u>611,241</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

19. Ultimate parent undertaking

The parent undertaking of the smallest group which includes the Company, and for which group financial statements are prepared, is EESC ESCP Europe, which is also the immediate parent undertaking of the Charity. The registered address of the EESC ESCP Europe is 3 rue Armand Moisant, Paris 75015, France.

The parent undertaking of the largest group which includes the Company and for which group financial statements are prepared is CCIR, which is also the ultimate controlling entity of the Charity. The registered address of the CCIR is 27 Avenue De Friedland, Paris, France, 75008.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

20. Alternative performance measures

The Charity presents below the results on a statutory and adjusted basis as it believes it will provide useful supplemental information about the local financial performance of the Charity, and enable comparison of financial results between periods where certain items may vary independent of business performance. Although the board believes the adjusted basis is important in evaluating the Group, it is not intended to be considered in isolation or as a substitute for, or as superior to, financial information on a statutory basis.

Items are adjusted on the basis that they distort the underlying performance of the Charity where they relate to costs pertaining to the Federal centre (defined as costs incurred locally for the benefit of all campuses) and USS pension deficit.

Consolidated statement of financial activities (including consolidated income and expenditure account)

	Total Funds 2023 £	USS pension deficit 2023 £	Federal 2023 £	Local Performance 2023 £
Income				
Donations	550,000			550,000
Charitable activities				
Student fees	11,718,801			11,718,801
Other educational income	1,986,523			1,986,523
Investment income	120,768			120,768
Other income	156,642			156,642
	<hr/>			<hr/>
Total income	14,532,734			14,532,734
	<hr/>			<hr/>
Expenditure	(11,710,946)	(2,857,193)	742,303	(13,825,836)
Total expenditure	(11,710,946)	(2,857,193)	742,303	(13,825,836)
	<hr/>			<hr/>
Net outcome for the year	2,821,788	(2,857,193)	742,303	706,898
	<hr/>			<hr/>
Net movement in funds	2,821,788	(2,857,193)	742,303	706,898

ESCP EUROPE - BUSINESS SCHOOL

England & Wales - Charity number 293027

Accounts

Company Registration No. 1876779

Charity Registration No. 293027



ESCP Europe Business School

Annual Report and Financial Statements

31 December 2022

ESCP Europe Business School

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ESCP Europe Business School

Introduction

This report and financial statements reflect the activities of ESCP Europe Business School, the London Campus of ESCP Europe. ESCP Europe Business School legally refers to the company registered at Companies House under company number 1876779 and name “ESCP Europe-Business School”. The commercial name of the entity is ESCP Business School since late 2019.

The London Campus (or the “Charity”) is a part of ESCP Europe (the “School”), which is both a leading school of international management and a major European Higher Education institution. ESCP Europe was founded in Paris in 1819 and since then has educated generations of leaders, contributing to the fine reputation it enjoys today. Six campuses in Berlin, London, Madrid, Paris, Torino and Warsaw are the stepping stones that allow students to experience this European approach to management. Over the past 200 years, generations of entrepreneurs and managers have been trained in the firm belief that the business world can feed into society in a positive way. This conviction and ESCP’s values - excellence, singularity, creativity and plurality - guide the School’s mission and build its pedagogical vision on a daily basis.

Each year, ESCP welcomes over 8,000 students and 5,000 executives from 122 different nationalities. Its strength lies in its many business training programmes, both general and specialised (Bachelor, Master, MBA, Executive MBA, PhD and Executive Education), all of which include a multi-campus experience.

ESCP Business School is multi-accredited, with AACSB, EQUIS, EFMD MBA, EFMD EMBA, and five European Higher Education accreditations. The School goes through numerous accreditations processes each year, guaranteeing the quality of its programmes and supporting its commitment to continuous improvement.

In 2019, the Charity became successfully registered as a Higher Education provider with the newly formed Office for Students (OfS), as part of the new regime for higher education management and regulation in the UK. The Charity has been following the OfS Accounts Direction since then.

In 2020, the Charity applied to the DAP (“Degree Award Powers”) with a view to seek recognition of its local Masters in the UK and to be granted the status of university in the UK at a later stage. In 2022, it received the QAA assessors on several occasions with an initial positive feedback received from the QAA early February 2023.

During the year, the London Campus consolidated the scope and priority actions of its Social Impact and Sustainability (ESG) Committee, applying to three programmes and enrolled on all of them: The Camden Climate Change Alliance - the pledge, Business Sustainability Challenge and the Better Futures programme. The Business Sustainability Challenge and the Better Futures programme are funded by the Mayor of London, the Charity thus joining London-wide organisations, mainly SMEs in supporting the capital in its path to net zero.

The portfolio of educational offering includes the following programmes:

- Master in Management (MiM)
- Specialised Masters (multiple full-time programmes)
- MBA in International Management
- EMBA Programme (Executive MBA)
- Bachelor (BSc.) in Management

ESCP Europe is also committed to providing executive education alongside degree options. Custom and open enrolment programmes are offered annually across ESCP campuses.

The quality of ESCP Business School’s higher education is recognised annually in the prominent international business school rankings. This includes Financial Times Business Education rankings, where ESCP’s flagship Master in Management programme is consistently ranked in the top ten worldwide, and the School is ranked in the top five business schools within its six campus countries: France, Germany, Italy, Poland, Spain, and United Kingdom.

ESCP Europe Business School

Introduction (continued)

The 2022 rankings of ESCP Business School programmes translate into impressive UK market positioning. FT Rankings for the EMBA; AMBA and AACSB place ESCP Europe within the top 3 in the UK for each programme category. For the FT's European Business Schools Ranking, ESCP has moved from 14th to 3rd place. London-originated Masters in Marketing and Creativity (MMC) was also ranked by QS 5th worldwide. The Economist ranked the Master in Management programme 7th worldwide in June 2021 (1st for employability amongst diverse recruiters, variety of languages on offer and access to overseas exchange programmes). ESCP's QS worldwide rankings were: 4th for MSc in Big Data and Business Analytics, 5th for MSc in Marketing and Creativity and 7th for Master in Management.

The School has 145 academic alliances in Europe and in the world, in 48 countries. ESCP is multi-accredited with 5 European Higher Education standards: AACSB, EQUIS, EFMD MBA and EFMD EMBA. The ESCP Group is made up of 9000+ students in degree programmes representing 122 nationalities, 5000 Executive Education participants, 180 research-active faculty and 800+ practitioners and experts. There are in excess of 60,000 alumni active in over 170 countries.

Research is a major priority at ESCP Europe. The team of international Faculty members are constantly striving for the creation of new knowledge. The aim is to bring new insights to the global academic community as well as providing innovative content for teaching and business practice.

Until 31 December 2017, ESCP Europe was part of the Chambre of Commerce and d'Industrie of Paris Region Ile-de-France, (the CCIR). From January 2018, the ultimate parent company and sole member of the Charity is the EESC ESCP Europe.

ESCP Europe (located at 2, rue Armand Moisant - 75015 - Paris - France), is an institution with a specific legal status and form named EESC (Etablissement d'Enseignement Supérieur Consulaire) since the 1st of January, 2018. EESC ESCP Europe is a French autonomous non-profit legal person, subsidiary of the CCIR which is its shareholder at 99.99% and which controls the majority of the voting rights at EESC ESCP Europe's Board. The CCIR is a French administrative public body.

Coronavirus update

The London Campus managed to deliver in person teaching to the greatest benefit of its students and staff throughout 2022. This was made possible during the winter through the provision of mandatory onsite testing from January 2022 until March 2022 supported by enhanced cleaning protocols which are still in place on an on-going basis.

From September 2022, the Campus issued all staff and students with individual testing kits to enable at-home testing to minimise the risk of an outbreak. The number of cases remained low since then, allowing face-to-face teaching to continue.

ESCP Europe Business School

Report and financial statements 2022

Company information

Trustees

The Trustees who have served in office during the year, and up to the date of this report unless otherwise stated, are:

Lord **Gold** (Chairman) (*)

Frank **Bournois** (resigned 28 February 2023)

Rodney **Eastwood**

Laurent **Feniou**

Valerie **Henriot** (*)

Thomas **Jeanjean**

Leon **Laulusa** (appointed 28 March 2023)

Joelle **Lellouche**

Laurence **Milsted** (*)

Damien **Savary** (appointed 28 June 2022)

Anne-Gabrielle **Verdier** (appointed 28 June 2022, resigned 4 April 2023)

(*) Member of the Audit & Risk Committee

The *Etablissement d'Enseignement Supérieur Consulaire ESCP Europe* (« EESC ESCP Europe ») is the sole member of the Charity. Membership is explained in note 14 to the accounts.

Registered office: 527 Finchley Road, Hampstead, London NW3 7BG

Website: www.escp.eu

Principal professional advisers

Bankers

Barclays Bank Plc, Oxford City Office, PO Box 333, Oxford OX1 3HS

Solicitors

Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN

Insurer

Zurich Municipal, Zurich House, 2 Gladiator Way, Farnborough, Hampshire GU14 6GB

Independent auditors

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

ESCP Europe Business School

Trustees' Report incorporating Strategic Report

The Trustees present their annual report, incorporating a strategic report, a trustees' report and a directors' report, for the year ended 31 December 2022 together with the audited financial statements of the group for the year. This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Reference and administrative information

The Charity, a company limited by guarantee, was founded in 1985 and is registered with the Charity Commission in England and Wales under Charity number 293027. The Trustees and address of the Charity are as listed on page 3. Particulars of the Charity's professional advisers are also given on page 3.

The Charity was established in the UK with the support of the CCIR in pursuit of its mission of providing education and training in Business Management. It is the London Campus of a six-campus school with the other centres being Berlin, Madrid, Paris, Torino and Warsaw. The EESC ESCP Europe commits to support financially the Charity in case the Charity cannot meet its short-term obligations. This guarantee is provided in the form of a letter of financial support from the EESC to the Charity. The EESC also provides rent-free facilities to the Charity. Since 2 January 2018, the immediate parent company and sole member of the Charity is the EESC ESCP Europe, owned by the Charity's ultimate parent company, the Chambre de Commerce et d'Industrie Paris Region Ile-de-France (the "CCIR").

Structure, governance and management

This section of the Trustees' report, along with the responsibility statement on page 16 incorporates the requirements of the statements of corporate governance and internal controls required by the OFS Accounts Direction. This covers the period covered by the financial statements and the period up to the date of approval of the audited financial statements.

Governing Document

The Charity is governed by its Memorandum and Articles of Association.

Governing Body

The Charity is governed by its Trustees.

Recruitment of Trustees

The Charity's Trustees are appointed following a Trustees' recruitment policy (*) defined by the Charity's Governance Committee. Trustees are selected on the basis of their knowledge in a specific field and the Trustee skill register is reviewed on a regular basis. Late 2022, the Charity produced a new Trustee recruitment brief as well as information and induction packs aiming at guaranteeing the best possible engagement from Trustees.

() the draft Trustees' recruitment policy has been approved by the Charity's Governance Committee early Jan.23 and will be approved by the Board of Trustees in July 23.*

Organisational Management

The Trustees of the Charity are legally responsible for the overall management and control of the Charity. The Trustees hold Boards of Trustees four times a year as well as an Annual General Meeting to approve the annual report and financial statements. ESCP Europe Corporate Services Limited (the "Trading") holds separate Boards of Directors three times a year.

The Audit and Risk Committee meets at least twice per year to review the annual report and financial statements, the accounting systems, the internal controls and audit thereof and other significant issues.

The Reward and Remuneration Committee meets once a year to review the framework for the remuneration and terms and conditions of employment of the key management personnel of the Charity. It ensures that the reward policy of the Charity is appropriate to attract and motivate those individuals to achieve the long-term targets of the Charity.

The Governance Committee meets twice a year to discuss any governance-related matter and to ensure Board effectiveness.

The Charity is subject to the national (UK) framework for higher education provision. Prior to 2019, regulatory control has been exercised by a national quality assurance agency: the QAA. The Charity satisfied all QAA requirements as an

ESCP Europe Business School

Trustees' Report incorporating Strategic Report

alternative/private provider prior to 2019 and successfully registered as an HE provider with the newly formed Office for Students (OfS) in 2019, as part of the new regime for higher education management and regulation in the UK. In 2021, the Charity successfully completed the first steps of the DAP ("Degree Awarding Powers") review with final assessments carried out in 2022 by the QAA and an initial positive response on the application early 2023. The OfS would be considering QAA's recommendations and provide their final response about the application by the end of September 2023.

The London Campus has a School Management Board ("SMB", led by the Campus Dean) providing strategic and operational control of the business and administration side of the Campus within the parameters of the EESC governance model. SMB is supported by a number of subsidiary committees and local governance mechanisms, some of which are subsidiary committees to federal organs.

With respect to supervisory control and governance, the London Board of Trustees (with EESC representation) operates with the addendum of a Corporate Services Board, an Audit & Risk Committee, a Reward & Remuneration Committee and a Governance Committee (see above).

Risk Management and internal control

The Trustees receive and consider reports from the OfS as they affect the Charity's business, and monitor adherence to the regulatory requirements which includes compliance with the OfS's ongoing conditions of registration.

The Trustees of the Charity are responsible for the management of the risks faced by the Charity. Detailed considerations of risk are delegated to the Audit and Risk Committee, who are assisted by senior management. Risks are identified and assessed, and controls are reviewed throughout the year. A formal review of the Charity's risks and their mitigation is undertaken on a termly basis at the Trustee meetings and in a more detailed manner, twice a year, at the Audit and Risk Committee meetings. Through the risk management processes established for the Charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Amongst the major risks and uncertainties which the Trustees seek to mitigate at all times, the Trustees' try to ensure that:

- business continuity is ensured through appropriate levels of activity, recruitment, and commercial performance;
- statutory obligations are met and compliance actions undertaken; and
- financial plans and targets are suitably framed and executed upon.

The Board of Trustees is also concerned that:

- the Charity continues to recruit and retain high quality academics in order to achieve its research aims and teaching goals;
- manages realistically its enrolment targets;
- delivers the courses to which it is publicly committed and at an appropriate standard; and
- maintains its estate and facilities suitably, considering immediate actions ensuring compliance with all regulatory Health and Safety requirements as well as the future expansion needs in the light of the anticipated growth of the student cohorts medium and long term.

Mitigation of these risks is through regular management team meetings and termly Trustees' meetings typified by report on:

- student experience and student satisfaction: assessed at periodic intervals through minuted meetings with students' representatives and implementation and analysis of students' satisfaction surveys;
- student recruitment: monitored on a monthly basis by the Admissions' team feeding back reporting to the School local and federal management and allowing live updates of all financial forecasts;
- staffing requirements: fully apprehended through termly Professional Resources Committees ("PRC's") reporting to the SMB;

ESCP Europe Business School

Trustees' Report incorporating Strategic Report

- progress against financial objectives: subject a monthly exhaustive reporting submitted to the federal centre assessing performance against budget and campus set targets; and
- estate emergency and maintenance plan: reviewed through regular discussions held with the Freeholder to allow the Campus to communicate and address the needs of the student population and the development of its estate.

The key elements of the Charity's system of risk identification and management include:

- the integration of planning, risk, KPIs and other performance indicators to provides an efficient reporting and control mechanism;
- the management of risk at strategic level to ensure that a full picture of risks is available and that significant risks are escalated to the appropriate level;
- business continuity and emergency management, ensuring plans are in place which would address any disaster and emergency situation;
- ensuring that all risks have appropriate ownership so that risks can be controlled appropriately; and
- reporting at least twice a year to the Audit and Risk Committee which assures the Board on the effectiveness of arrangements of internal control and risk management.

System of internal control and financial statements

In accordance with the Scheme of Reserved and Delegated matters, the Board is responsible for the administration and management of the Charity, including ensuring an effective system of internal control, and adopting audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the Charity's financial position and enable it to ensure that the financial statements are prepared in accordance with relevant accounting standards.

The system of internal control is based on an ongoing process designed to identify the principal business, operational, compliance and financial risks; to evaluate the nature and extent of those risks; and to manage them efficiently and effectively. This process was in place for the year ended 31 December 2022 and up to the date of the approval of the financial statements, and accords with OfS guidance and there were no significant control weaknesses that should be disclosed.

The key elements of the Charity's system of internal control include:

- short-term and medium-term planning processes, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- the attendance of the Charity's external auditors at each meeting of the Audit and Risk Committee, where through their work, they share their views on areas for improvements in internal control;
- defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approval limits set by the Board; and
- an internal financial control manual updated every year, detailing financial controls and procedures.

Any system of internal control or risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material misstatement or loss.

Having reviewed all available evidence, the Trustees have satisfied themselves with the adequacy of internal controls for the period 1st January 2022 to the date of signing of the accounts.

Charitable Objects

The Charity's Objects, as set out in its Memorandum and Articles of Association, are the advancement of education in the science and practice of professional management in a European context. The Charity seeks to provide education and research in professional management and related subjects and to publish the useful results of such activity for public benefit. The Charity wholly owns ESCP Europe Corporate Services Limited, the objects of which are to carry on

ESCP Europe Business School

Trustees' Report incorporating Strategic Report

business as providers of executive education and training. The performance of the subsidiary for 2022 is given in note 9 to the accounts.

Strategy

Early 2022, a new 2022-2025 Strategic/Business Plan was implemented at Federal level, focusing the development of all ESCP sister campuses around the themes of Choices and Experiences, a bottom-up approach having been taken involving the entire ESCP community and with a view to prepare the next responsible leaders of the future. This would allow students' access to a greater range of digital and campus international experiences as well as increased exposure to companies. A clear angle aiming at shortening the programmes' courses is also a key component of this new strategy.

With the ambition to support the Federal Strategic/Business Plan as defined above, the London Campus worked in 2022 and will continue to do so from 2023 onwards, on the following priorities: stabilisation with growth, integration into the UK business ecosystem and creation of social and environmental impact.

Stabilisation with growth

The stabilisation with growth includes identifying and measuring key success factors in different aspects of the business, in particular, on market positioning as well as talent attraction, retention and development market positioning. This strategy requires student numbers to grow steadily while the quality of education is maintained and improved. The key feature of this strategy is to move beyond educational experience and enhance the lifetime interaction between students/alumni and the School.

Integration into the UK Business Ecosystem

The strategy aims to establish the ESCP brand within the UK academic and business environments. The application for Degree Awarding Power is one of the key priorities under this strategy. Further important initiatives include a) the establishment of a UK visa route in local and Federal programmes to enable students to apply for the Graduate Visa and work in the UK after graduation; b) the addition of Year 3 BIM students to London Campus; c) further integration into the local rankings; and the enhancement of the Executive Education, Corporate Relations and Career Services divisions which will aim to build/strengthen partnerships with UK-based businesses.

Creation of Social and Environmental Impact

The strategy includes a range of initiatives that create and develop ideas and solutions that have a positive impact on social and environmental sustainability. The Charity's Sustainability Committee will identify sustainability opportunities and challenges. Other initiatives will seek to inspire and educate future leaders in line with ESCP's first priority on taking part in the Experience of our 21st century challenges.

These will include a) putting sustainability and ESG at the heart of our Campus model by ensuring sustainability literacy for all (professors, students, staff) based on science, developing dedicated competencies for mitigation (reduction) and adaptation and being at the vanguard of ESG, including Green Finance and Accounting (e.g. reporting, carbon assessment, incentives to capital reallocation etc.); b) driving research, scholarships and entrepreneurship for societal impact; and c) reframing ESCP own processes and setting up a dedicated stakeholder council such as Green Deal targets (setting a target of 55% CO2 reduction by 2030, based on an external carbon assessment), Facility management & Green IT, Green Travel & purchasing policy and staff training on ESG matters; and d) social diversity.

Specialisations

Within the context of the ESCP Europe system of campuses, awards and specialisations, the London Campus will continue to offer specialisations in:

- Marketing & Creativity;
- Digital Transformation;
- Banking, Finance & Investment;
- Energy Industries & Security; and
- Consultancy & Professional Services.

ESCP Europe Business School

Trustees' Report incorporating Strategic Report

Principal activities of the year

Full Time Degree Education

In 2022, the London Campus successfully delivered face-to-face teaching to part of 12 different full-time degree awards to ~1,400 students.

The programmes included:

- the MBA, BSc, and MiM (as Federal rotational programmes);
- the MMK, MEM and MDT (as local MSc programmes with one term or semester on a sister campus); and
- the AMIF, MLIM, and BiOP, plus three additional visiting Masters.

Part Time Degree Education

During 2022, the provision of Executive Masters part-time degree education continued to be driven by the EMBA programme and benefited from the boost generated by the successful launch of the London hybrid (online/blended) Executive Master in the Future of Energies ("EMFE") in April 2022. The introduction of this new programme complemented the Executive Education offer of the London Campus in an innovative fashion.

In addition to the Charity's degree-based education, the Charity and its Trading subsidiary responded to a number of RFPs issued by previous clients and pursued the offer of short modular courses, master-classes, and company consultancy projects.

External links

In the year 2022, the School has been an active member of the UK's Chartered Association of Business Schools (CABS); the French Chamber of Commerce in Great Britain (CCFGB) and the Italian Chamber of Commerce and Industry for the UK (ICCIUK).

London is also home to two business-facing research centres/institutes receiving external support and funding from companies including L'Oréal and Glencore. These are: the Creativity Marketing Centre (CMC) and the Energy Management Centre (EMC).

Research

As an educational charity and an academic institution, the London Campus endeavours to publish books, academic articles and case studies that receive attention from academics, practitioners and the general public. Highlights for 2022 include:

Publications in listed Peer-Reviewed-Journals:

- 6 publications in ALPHA and A level PRJ journals;
- 18 articles in category B PRJ journals;
- 5 articles in category C and D level journals; and
- Several articles in professional and academic magazines (e.g., The Choice, The Finance Derivative, World Economic Forum, The Conversation, LSE Business Review, HR News).

Additionally, in excess of 44 conference and workshops presentations from London faculty members took place in 2022 at national and international academic conferences.

Other research-related outputs include:

- 2 book chapter publications;
- 3 impact papers;
- Guest editorships and positions on editorial boards;

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- Reviews and service to scientific communities;
- More than 23 appearances in media, and posts in blogs and social media; and
- Best reviewer award.

Sustainability

The London Campus continues making improvements within this area with the strong support of Social Impact and Sustainability (ESG) Committee members and its delivery body, the ESCP London Green Office, which manages the approved projects across the campus. In 2022, ESCP London Campus supported the School's climate change education by launching the Climate Fresk workshops. During the September and October induction weeks, 203 students of the Master in Management and MBA in International Management programmes completed the workshop. A further 17 students, who completed the workshop on another ESCP campus, took the follow-up Climate Fresk facilitator training to enable them to share the acquired knowledge externally. In addition, 12 of the London Campus professional services and faculty members completed both the workshop and facilitator training during the summer to support the School's strategic efforts with climate change education.

ESCP Business School ran the first school-wide carbon footprint exercise and the report should be delivered for early 2023. In November 2022, ESCP London Campus applied and was accepted to two sustainability-related programmes funded by the Mayor of London. These programmes provided necessary support and advice to measure and report on carbon footprint, but also guided the campus in implementing changes to achieve targeted carbon reduction.

The Better Futures+ programme offered the School:

- Energy crisis workshops – where energy experts provide practical steps to reduce your energy use, bills, and emissions.
- In-person site visits with an energy consultant that can carry out an energy audit in your business early 2023.
- Potential to apply for 1:2:1 consultancy with a specialist environmental consultant.
- Interactive, collaborative webinars and workshops that provided advice ranging from how to reduce your emissions to how to promote what you're doing to win customers.

The ESCP London Campus has also been signed up for a free membership to Climate Essentials, a carbon calculator that allows measuring the school's carbon footprint, to track and reduce the emissions.

The second programme joined was the Business Climate Challenge – The London Campus applied through the Camden Climate Change Alliance, who partnered with the Greater London Authority to deliver the 2022 Mayor's Business Climate Challenge (BCC). The BCC is a voluntary energy efficiency programme developed to support businesses in reducing their energy consumption, costs and carbon emissions, to accelerate building decarbonisation efforts in London. Participating businesses received free customised technical advice to help make their workplaces more energy efficient.

Students from Lighthouse and GEA societies have been involved to launch the waste management campaign at the campus and to collect and record the data for the carbon measurement platform.

Local resource support

Since 2004, the operations of the London Campus are concentrated on a site located in North West London providing ~4,500 sq.m, the EESC ESCP Europe being the Freeholder of the building. The current site has had two previous extensions and is due to add a set of five new lecture theatres by September 2025 to anticipate the increased pressures of new student cohorts requesting London as a destination of choice for a term (degree programmes) or up to a year (BIM). It is indeed anticipated that the London Campus will host an additional 400+ students by September 2025.

There has been progressive expansion in the human resource base of the Charity to reflect and support its growth. At the end of 2022, full-time faculty numbers are at 25, providing the core of academic support to students. This group is supplemented by over 90 affiliate and visiting faculty. More detail on staffing increases is provided in Note 7.

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Just over 83 professional services staff members provide resource support and leadership in such areas as: finance, HR, marketing, data planning, IT, student services, communications and events.

With respect to its financial resources, the Charity generated in 2022 annual consolidated revenues of c. £11.8m (2021: £12.6m), without any annual operating subsidy received from the EESC (excluding rent-free subsidy). In 2022, the Charity self-funded its operations, relying on the existence of a letter of financial support issued by the EESC for the EESC to address any shortfall in cash as well as to cover the full deficit on USS should it crystallise.

The Charity generated a consolidated loss of £1.7m (2021: loss of £1.9m) at the end of the year, with a matching reduction of the USS pension provision and EESC debtor asset of £0.4m (nil effect at P&L level).

At year end, the Charity closes the year with consolidated negative funds at £2.3m (2021: negative funds at £0.6m).

More information is provided in the going concern statement and in the USS pension deficit note further down in the accounts.

Public benefit statement

The Trustees have considered the guidance on public benefit published by the Charity Commission. The Trustees believe that increasing the skills, knowledge and understanding of good business management practices provides public benefit since the subject itself is of educational merit and its dissemination through the student body will then enhance society as a whole.

The Trustees have considered ensuring that ongoing public benefit is a part of the work of the Charity and recognise that scholarship awards are important in helping to ensure that students who would otherwise not be able to afford the fees can access the education offered by the Charity. Student applications for scholarship awards are available to all those who meet the general entry requirements of the School and are made on the basis of means. The availability of scholarships is advertised on the School's website. The great majority of scholarships are offered to the students at Group level. Those in the Charity's accounts as a scholarship expenditure are for those scholarships granted by the London entity (2022: £142k / 2021: £166k).

Since the beginning of the pandemic, the London Campus deployed a number of access opportunity scholarships as well as various financial discounts, payment plans and other commercial incentives allowing students to access higher education at a lower cost and to spread the payment of their tuition fees in exceptional circumstances.

In 2022, the donation from the EESC to the Charity was limited to the provision of rent-free facilities, allowing the Charity to provide education at a lower cost than would otherwise be possible. This has been shown as a donation and detailed in note 3.

The Charity welcomes students from all backgrounds. Entrance interviews are undertaken to ensure that students can cope with the pace of learning and benefit from the education provided. An individual's gender, ethnicity, race, religion or disability do not form part of the recruitment processes. The Charity acts as an equal opportunity organisation and is committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. London Campus students regularly engage with local charities and business to support various causes (environmentally-friendly sustainability actions, provision of clothing and food to local homeless shelters) seeking to increase the impact of the Charity on its neighbouring community.

The Charity will make reasonable adjustments to meet the needs of staff or students who are or become disabled. The Charity is committed to safeguarding and promoting the welfare of its students and expects all staff to share this commitment.

Public Events

In 2022, ESCP London Campus organised and participated in a range of high-calibre events, open to the School's students, alumni community and external guests. These included:

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- 100+ events organised online and in person by both the School and its student societies, including but not limited to Big Data Club, BizTech, Finance Banking Trek, Alumnights, London Universities Sports Leagues (LUSL), Crypto Society Event, book clubs, dance, and chess tournaments;
- EMC Invited Talk Series;
- Alumni webinars;
- Intercampus Entrepreneurship Festival (November), which gathered more than 200 participants, students, professionals and alumni.
- Various student challenges and competitions, L'Oréal Big Picture, #GetActive BUCS British Universities and College Sports, and more.
- Energy Management Centre Invited Talks series;
- London Campus Student Awards 2022;
- Mindfulness and Resilience workshops; and
- First after Covid-19 campus-based Careers Fair.

Themed in-person parties were organised by Student Societies, including various welcome events in September 2022 on campus for new students.

Cooperation with external organisations

In 2022, ESCP London Campus continues to partner with a number of recognised bodies, including:

- City University;
- The Industry and Parliament Trust;
- The Chartered Association of Business Schools;
- The French Chamber of Commerce in Great Britain;
- The French Institute;
- The Franco-British Council; and
- The Italian Chamber of Commerce.

Related Parties

Related parties include ESCP Europe Corporate Services Limited (the "Trading"), the EESC ESCP Europe, and the other ESCP Europe campuses.

In 2022, the Charity paid c. £0.3m in costs pertaining to the Federal Executive Vice-President ("EVP") for Corporate Relations & Executive Education (2021: £0.2m from June 2021 to December 2021). These costs are integrated in the company's SOFA and are not recharged to the EESC, each of ESCP sister campuses (excluding Paris), bearing their share of Federal costs for an amount ranging from £0.2m to £0.7m each a year.

In addition to the related parties mentioned above, there are two further related parties.

ESCP Europe Foundation

The ESCP Europe Foundation was created by ESCP Alumni in 2005 and is a French registered charity. The Foundation supports ESCP Europe in sustaining its academic excellence and leadership, in particular in the key strategic areas such as promotion of social diversity, development of projects aiming at increasing competitiveness and innovation in France and abroad and implementation of innovative teaching methods.

To achieve its ambitions and financial targets, the Foundation seeks to raise contributions from corporate sources and Alumni via several fundraising campaigns. In 2022, the Foundation raised over £136k (2021: £36k) through the Charity on behalf of other campuses. All sums not specifically attributed to the London Campus were paid back to the Foundation late December 2022.

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The ESCP Europe Alumni Association

The ESCP Europe Alumni Association is a separate legal entity from the Business School itself. It is independent of the Charity and therefore is not consolidated into these financial statements. From a global population of c. 60,000 alumni in 200+ countries, there are some 2,600+ alumni in the UK. The London Campus engages with them regularly through receptions, conferences, invitations to talk to students and to support students in finding internships and company projects.

Performance of the Charity

The quality of ESCP Business School's higher education is recognised annually in the Financial Times Business Education Rankings, ESCP's flagship MiM programme ranking 5th worldwide in 2022, in progression of 2 places (2021: 7th).

Capitalising on the improved rankings of ESCP in Europe during the year, the Charity consolidated its growth in terms of academic and financial performance, London remaining one of the favoured destination campuses of ESCP students.

The European Bachelor in Management was taught on Campus from the beginning of the new academic year with a new record number of students hitting our grounds, on a full-time basis, early September 2022 with 344 students (2021: 321 students), all being taught to face-to-face, with combined revenues of £2.6m.

Executive Masters and Bespoke Executive Education, much affected by the consequences of clients cancelling or postponing their contracts in 2021, brought their combined annual income to £1.1m (2021: £0.9m) following the repositioning of the portfolio of Executive Masters relaunched in 2022 and the re-thinking of the delivery methodology for executive masters, switching from one year-long programme – on a part-time basis - to stackable micro-credentials combinable upon demand and leading ultimately to a degree with the School.

The Charity's Trading subsidiary, ESCP Europe Corporate Services Limited, produced an operating surplus for the year of £149k (2021: £105k) before a gift aided donation of the same amount to the Charity at year end. Some business opportunities were deferred from 2021 to 2022 and new contracts arose late 2022 with a couple of large corporate entities after successful RFP's.

Having considered the consolidated financial loss derived by the Charity of £1.7m (2021: £1.9m) and the on-going negative equity of £2.3m (2021: £0.6m) at the end of the year, the Trustees will rely on the letter of financial support from the EESC to conclude that the Charity is a going concern for the period of 12 to 18 months after the date of signing of the accounts. The support will include the commitment from the Federal Centre to cover any future USS liability and increase of the Charity's pension deficit.

The Trustees remain satisfied with the results of the Charity in 2022 in that context and upon consideration of the levels of free cash flows as of end of December 2022 as well as the on-going possibility for the Charity to access financing from the Federal Centre to meet its liabilities over the next 12 to 18 months should the need arise.

Development objectives

In line with its strategic priorities as described above, the Charity will continue to develop and execute its academic and business plans. Significant development objectives for 2023 will include:

- The strengthening of the specialisations on the flagship MiM;
- The development of near- and long-term digital delivery strategies for all awards;
- The digitalisation of student learning and experience with focus on curricula, pedagogy, and service offers;
- The strengthening of executive education and corporate activity, pertaining to the Charity (Executive Masters) and its trading entity; and
- The modernisation and extension of Campus facilities, alongside significant estate maintenance activities (as commissioned by the EESC).

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The Charity continues to aim to:

- strengthen recruitment for its full programme suite;
- build up a first-class Faculty and affiliate Faculty;
- consolidate the London Campus areas of research expertise;
- encourage new areas of enquiry linked closely to its degree/specialisation offer; and
- promote and advance teaching excellence in alignment with the learning goals and mission of ESCP Europe.

Reserves policy

Since the end of 2015, the Charity does not hold any restricted funds in its accounts.

Total unrestricted funds at the end of the current year were negative -£2,293k (2021: -£590k), the Charity slowing recovering from the impact of the USS 2021 pension deficit adjustment of £2.7m and generating a financial loss of £1,703k (2021: loss of £1,886k).

As of 31 December 2022, the level of donation from the EESC remains limited to the provision of the free-rent facility of £615k consistent with the rateable value of the site.

Letters of financial support will continue to be received from the EESC ESCP Europe, the EESC ESCP Europe confirming it would give the Charity financial support in the case of a temporary cash requirement for a duration of at least 18 months from the date of signature of the financial statements.

In 2022, the EESC ESCP Europe confirmed that it would provide this support again in a context of on-going negative equity and financial loss. Further assurance that the Charity is a going concern was provided to the Board of Trustees in the form of a 10-year plan (2022-2032) providing a longitudinal view of the expected cash flows during the period, assuming a significant headcount increase from 2025 to 2026 following the extension of the current premises and the addition of three new degree masters to the portfolio of the London campus.

Key management personnel and remuneration policy

The SMB constitutes the grouping of key management personnel of the London Campus.

This group consists of the Dean of Campus, Directors, Associate Directors and Heads of professional services and a senior faculty representative. The number of people included within key management in 2022 was 7 (2021: 12).

Within this group, Directors and Associate Directors are subject to annual pay review via the Charity's Reward and Remuneration Committee (RRC). A number of criteria are used for setting or revising compensation such as, but not limited to, the nature of the role and responsibilities of each individual, average salaries for comparable positions across the sector, and the trend in pay in recent years. Annual performance reviews may result in the award of performance-based bonuses, salary increments, and/or grade modifications. Note 7 provides details of the remuneration components of the UK Dean.

The senior faculty representatives are subject to the faculty performance evaluations applicable to all faculty with the exception of the Campus Dean. This process is governed locally by the Campus Faculty Advisory Committee (CFAC).

Financial review and results for the year

On a consolidated basis, the total revenues of the Charity in 2022 decreased from £12.6m in 2021 to £11.8m in 2022. The income generated by the Executive Education activities increased by £0.2m, reaching £1.1m in 2022 (2021: £0.9m), but this growth was offset by the reduction in income from the EESC on shared Federal programmes. In net terms, the student fees income dropped from £10.3m in 2021 to £9.5m in 2022 with a variation of -£0.6m on Paris Federal programmes.

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The level of operational donation from the EESC, excluding rent, amounted to £nil in 2022 (2021: £nil). The provision of rent-free premises from the EESC is recognised as a gift in kind of £615k (2021: £615k).

The evolution of the EESC subsidies between 2022 and 2021 are reported in the Statement of Financial Activities and in note 3 to the accounts.

The expenditure for the year totalled £13.5m for 2022 (2021: £14.4m). Considering the fact that 2021 £14.4m total expenditure were inclusive of a £2.7m USS pension deficit additional liability posted under the staff costs section of the financial statements and that a USS pension deficit provision release of £0.4m took place in 2022 under the same section, the total expenditure comparable, excluding USS pension deficit provision adjustment, are £13.9m in 2022 compared to £11.7m in 2021 (variance of £2.2m). The key drivers of this increase are a combination of a) additional staff travel, in-person events and greater use of the campus facilities following the return to normality for new student cohorts and staff post pandemic, b) lagging post-pandemic effects, a number of professional services staff choosing to change lifestyle and leave the London Campus being replaced by more expensive staff in an inflationary context, c) consequences of the professionalisation of the Charity's workforce with the recruitment of a number of key positions as well as replacement of departures by staff with more expertise, and d) impact of the 2021 profit-sharing bonus allocated to all staff in 2022 for £0.3m (2021: £nil) combined with an accrual, in the same year, of the 2022-related profit-sharing for £0.4m due to be paid in 2023.

These activities will strengthen the London campus's position to support higher student numbers going forward.

The net consolidated result for the year is a net loss of £1,703k (2021: loss of £1,886k) after transfer of the gift-aided donation from ESCP Europe Corporate Services Limited to the Charity for £148k (2021: £105k).

Going concern

The Board has carefully assessed whether the Charity is a going concern in reference to its financial position and performance as outlined in the financial review. Particular note has been taken to ensure the assessment is proportionate to the size and level of financial risk and complexity of the organisation. In addition to the analysis of the current financial position, the Charity prepared a 10-year plan (2022-2032) highlighting the progressive return to positive equity, using realistic headcount and investment assumptions for the period.

As of 31 December 2022, the Charity has net consolidated current assets of £0.6m (2021: £2.7m), a positive balance of cash of £3.2m (2021: £2.9m) and a small level of external borrowing of £0.1m. Long-term liabilities of £3.7m (2021: £4.2m) relate to the USS pension deficit provision which is not expected to crystallise in the near future (non-cash item).

Sources of income for the year ahead will be secured through 1/ a growing flow of students recruited at Federal level and sent to the London Campus; 2/ a sustained recruitment of students for the local masters; and 3/ an increased activity of the executive education. On that basis, the cash flow forecast for the next 18 months reveals positive cash balances throughout the period.

The statement of the Board responsibilities; the description of the organisation management; and the review of internal controls summarise the arrangements the Charity has in place for the identification and management of risk.

Taking the above into account, the Trustees have a reasonable expectation that adequate resources exist to continue operations for the foreseeable future and the going concern basis continues to be appropriate for preparing the annual financial statements.

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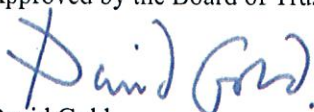
Independent Auditors

Each of the persons who is a trustee at the date of approval of this report confirm that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Trustees on 28th March 2023 and signed on behalf of the Board.



David Gold

Chairman of the Board of Trustees

14th April 2023

ESCP Europe Business School

Trustees' responsibilities statement

The Trustees (who are also directors of ESCP Europe-Business School for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2019 version);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of ESCP Europe Business School

Report on the audit of the financial statements

Opinion

In our opinion, ESCP Europe Business School's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's incoming resources and application of resources, including its income and expenditure, gains and losses, changes in reserves and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheets as at 31 December 2022; the Consolidated statement of financial activities (including consolidated income and expenditure account), and the Consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group's and the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 group's and company'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 and company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and relevant regulations made or having an effect thereunder including The Charities (Accounts and Reports) Regulations 2008 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements such as the Companies Act 2006. We evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), by the trustees and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements and determined that the principal risks were related the posting of inappropriate journals to increase revenue and management bias in accounting estimates. Audit procedures performed included:

- Evaluating management's controls designed to prevent and detect irregularities.
- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations.

- Challenging assumptions and judgements made by management in significant account estimates, including the USS pension accounting.
- Testing unusual or unexpected journal entries, particularly those impacting revenue.

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 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the company for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation.

Under the Office for Students' Accounts Direction, we are required to report to you if we have anything to report in respect of the following matter:

- The company's fee income, as disclosed in note 4b to the financial statements, has been materially misstated.

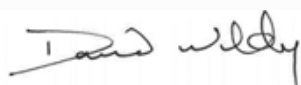
We have no matters to report arising from this responsibility.

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



David Willey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14th April 2023

ESCP Europe Business School

Consolidated statement of financial activities (including consolidated income and expenditure account) Year ended 31 December 2022

	Note	Unrestricted Funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income				
Donations	3	615,000	615,000	615,000
Charitable activities				
Student fees	4.a	9,533,700	9,533,700	10,265,331
Other educational income	5.a	1,589,520	1,589,520	1,532,899
Investment income		17,435	17,435	5,811
Other income	5.b	54,811	54,811	140,200
Total income		<u>11,810,466</u>	<u>11,810,466</u>	<u>12,559,241</u>
Expenditure				
	6	<u>(13,513,924)</u>	<u>(13,513,924)</u>	<u>(14,425,469)</u>
Total expenditure		<u>(13,513,924)</u>	<u>(13,513,924)</u>	<u>(14,425,469)</u>
Net outcome for the year		<u>(1,703,458)</u>	<u>(1,703,458)</u>	<u>(1,866,228)</u>
Net movement in funds		<u>(1,703,458)</u>	<u>(1,703,458)</u>	<u>(1,866,228)</u>
Reconciliation of funds				
Total funds brought forward		(589,526)	(589,526)	1,276,702
Net movement in funds for the year		<u>(1,703,458)</u>	<u>(1,703,458)</u>	<u>(1,866,228)</u>
Total funds carried forward	16	<u>(2,292,984)</u>	<u>(2,292,984)</u>	<u>(589,526)</u>

There were no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derive from continuing activities.

ESCP Europe Business School

Balance sheets as at 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Note	£	£	£	£
Fixed assets					
Tangible assets	8	812,094	891,053	812,094	891,053
Investments	9	-	-	1	1
		<u>812,094</u>	<u>891,053</u>	<u>812,095</u>	<u>891,054</u>
Current assets					
Debtors	10	2,523,562	3,102,762	2,714,499	3,197,717
Cash at bank and in hand		3,543,625	3,180,503	3,199,952	2,917,360
		<u>6,067,187</u>	<u>6,283,265</u>	<u>5,914,451</u>	<u>6,115,077</u>
Creditors: amounts falling due within one year	11	<u>(5,432,105)</u>	<u>(3,545,804)</u>	<u>(5,279,371)</u>	<u>(3,377,618)</u>
Net current assets		<u>635,082</u>	<u>2,737,461</u>	<u>635,080</u>	<u>2,737,459</u>
Total assets less current liabilities		<u>1,447,176</u>	<u>3,628,514</u>	<u>1,447,175</u>	<u>3,628,513</u>
Provision for pension scheme liability	12.a	(3,650,554)	(4,078,421)	(3,650,554)	(4,078,421)
Creditors: amounts falling due after one year	12.b	<u>(89,606)</u>	<u>(139,619)</u>	<u>(89,606)</u>	<u>(139,619)</u>
Net liabilities		<u>(2,292,984)</u>	<u>(589,526)</u>	<u>(2,292,985)</u>	<u>(589,527)</u>
Funds					
Unrestricted funds:					
- General fund		<u>(2,292,984)</u>	<u>(589,526)</u>	<u>(2,292,985)</u>	<u>(589,527)</u>
Total funds	16	<u>(2,292,984)</u>	<u>(589,526)</u>	<u>(2,292,985)</u>	<u>(589,527)</u>

The net result of the parent Charity for the year for Companies Act purposes is a loss of £1,703k in 2022 (2021: loss of £1,886k). As permitted by section 408 of the Companies Act 2006, no separate Statement of Financial Activities is presented in respect of the parent Charity.

The notes on pages 24 to 44 form an integral part of these financial statements.

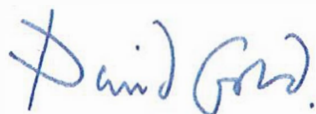
The financial statements of ESCP Europe Business School, registered number 1876779, were approved and authorised for issue by the Directors on 28th March 2023.

Signed on behalf of the Board of Directors

Trustee/Director

David Gold

14th April 2023



Trustee/Director

Leon Laulusa

14th April 2023



ESCP Europe Business School

Consolidated cash flow statement Year ended 31 December 2022

	Note	Total funds 2022 £	Total funds 2021 £
Net cash flows generated from operating activities	18	611,241	1,575,978
Cash flows from investing activities			
Purchase of property, plant and equipment		(198,105)	(442,408)
Cash flows from financing activities			
EESC financing loan		(50,014)	(50,012)
Net increase in cash and cash equivalents		363,122	1,083,558
Cash and cash equivalents at beginning of the year		3,180,503	2,096,945
Cash and cash equivalents at the end of the year		3,543,625	3,180,503

Cash and cash equivalents comprise of cash at bank, cash in hand and revaluation adjustment of the Euros denominated accounts at year end.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

1. Accounting policies

Basis of accounts preparation

The financial statements have been prepared under the historical cost convention in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2019 revised version)" applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), FRS102 including Section 1A; and the Companies Act 2006 and the OfS Accounts Direction.

The Charity is a public benefit entity as defined by FRS102.

The functional currency of ESCP is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The presentation currency is pounds sterling.

ESCP Europe Business School meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

The group financial statements consolidate the financial statements of the Charity and its subsidiary undertaking, ESCP Europe Corporate Services Limited drawn up to 31 December every year. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

After making enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue its activity for the foreseeable future. Accordingly, the Trustees continue to adopt the going concern basis in preparing the financial statements. The Trustees' position is relying on the existence of a letter of financial guarantee provided by the EESC at the time of the sign-off of the statutory accounts. Indeed, the Charity does not have sufficient cash reserves to settle its liabilities, is loss making and has net liabilities as of at 31 December 2022. More information on the going concern assumption is given on page 14 in the Trustees' report.

These accounts include the results of the subsidiary ESCP Europe Corporate Services Limited. The results of this subsidiary are consolidated on a line-by-line basis. A separate statement of financial activities has not been presented for the charity alone. For 2022, the income for the Charity, excluding any USS-related adjustment, was £11.6m (2021: £12.4m) and result for the year was a loss of £1.7m (2021: loss of £1.9m).

Donations

The EESC ESCP Europe did not provide any operational subsidy to the Charity to cover the net excess of expenditure over income during the year.

In 2022, the EESC donation was limited to providing rent-free facilities to the Charity, recognised at the Trustees' best estimate of the value of such facilities. In 2022, this was estimated at £615k (2021: £615k) and recorded as a donation in the SOFA (Note 3), with a matching expenditure.

Student fees and other educational income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Income is deferred when it is received in advance for services to be provided in following periods.

Other income

In 2022, the Furlough Scheme was stopped and no monies were claimed from the government. Other income regroups the costs pertaining to the recharges of funded research costs for the L'Oreal and Cartier Chairs (2021: £20k).

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

1. Accounting policies (continued)

Expenditure

Expenditure is accounted for on an accrual's basis. Support costs, which are overhead and other costs not directly attributable to particular functional activity categories, are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year, either by reference to staff time or space occupied, as appropriate. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs associated with constitutional and statutory requirements and include external audit fees and any legal advice for the Trustees.

Foreign currency transactions

Foreign currency exchange conversion is made at the rate ruling at the time of the transaction, or for balance sheet items at the average rate of the previous month using HMRC's website.

Fund accounting

Unrestricted funds – these are funds available to be used in accordance with the Charity's charitable objects at the discretion of the Trustees.

Tangible fixed assets

The freehold of the premises occupied by the Charity is owned by the EESC-ESCP Europe.

Tangible fixed assets are stated at cost less depreciation. The rates of depreciation of capital assets are as follows:

Office furniture and equipment	-	straight-line between three to five years
IT equipment	-	straight-line over three years
Freehold improvements	-	straight-line between five and ten years for general upgrade
	-	straight line over fifteen years for structural upgrade (roofs, facades)

Pension scheme

The Charity participates in the Universities Superannuation Scheme. With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits.

The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The Charity is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As required by Section 28 of FRS 102 "Employee benefits", the Charity therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the Charity has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the Charity recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with related expenses being recognised through the profit and loss account.

The latest actuarial valuation was carried out in March 2020 and completed in October 2021 for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

The next triennial valuation would start 31 March 2023 with results announced in 2024.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

1. Accounting policies (continued)

Pension scheme (continued)

Further information about the latest actuarial valuation of the Scheme is provided in note 12.a to the accounts.

To calculate the pension deficit liability at the end of each year, the Charity, as other participating institutions, uses a deficit modeller produced by USS in collaboration with the British Universities Finance Directors Group (“BUFDG”) with specific assumptions to the Charity such as discount rate, variation percentages of employees in/out USS et al.

The Charity’s pension deficit liability at the end of 2022 is based on the USS repayment plan pertaining to the latest March 2020 actuarial valuation (completed in October 2021) and refers to the present value of deficit funding contributions that are committed to under the schedule of contributions and recovery plan.

At 31 December 2022, the value of the deficit as shown in the accounts is £3,651k (2021: £4,078k) (see note 12). A discount rate of 3.49% (2021: 1.07%) and a salary inflation of 3.0% in 2022 (2021: 2.3%) and 2% from 2024 until the end of the repayment plan were actuarial factors used in the calculation of the revised pension deficit of the Charity end of 2022 with USS contributions paid by the Charity totalling £706,589 (2021: £638,266) with a balance sheet liability of £105,687 (2021: £6,470) at year end corresponding to the December 2022 contributions which were paid to USS in January 2023.

At 31 December 2022 the Charity had 90 active institutional members participating in the scheme (2021: 78). The contribution rate payable by the institution was an average 21.5% of pensionable salaries.

Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis. See note 17.

Tax

As a registered charity, the Charity is exempt from corporation tax under the Corporation Tax Act 2010 or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes. No corporation tax charge has arisen in the Charity’s subsidiary due to its ability to off-set its liability against previous year losses (2021: £nil).

Financial instruments

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company 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.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group’s accounting policies, which are described in Note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

Critical accounting judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations, the Trustees have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Key management judgement is applied in the processing of accounting journals, preparation of the accounting estimates and accounting for significant or unusual transactions. Management ensures that there is a limited risk of override of controls through the implementation and careful monitoring of internal financial controls, clear segregation of duties and qualitative explanations provided to support the business rationale where significant transactions are of an unusual nature.

Accounting judgement

The Trustees acknowledge that the Charity derives the great majority of its income from student fees for courses and from the donation from the EESC. In doing so, the main judgement surrounding income recognition is relating to the cut-off date, specifically for students whose programmes span across two calendar years. In making this judgement, management use the student course timetable to allocate revenues to the appropriate accounting period.

Accounting estimates

- Valuation of donated rent-free facilities

With regards to the valuation of the donated gift in kind pertaining to the rent of the site, the Trustees use reference to the rateable value of the site as defined by the Camden Borough as the best estimate of what they would be willing to pay for the use of the site. This estimate, due to its variable nature, can change the value recognised in and out of the financial statements each year.

- USS pension deficit provision

FRS 102 makes the distinction between a group plan and a multi-employer scheme. A group plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as Universities Superannuation Scheme. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) with the resulting expense charged through the profit or loss account in accordance with section 28 of FRS 102. The directors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the recovery plan in existence at the date of approving these financial statements.

The calculation of the provision for pension deficit funding is based on the pension fund modellers provided to the Charity, using assumptions taken by USS Trustees. The Charity's estimates relate to salary increases, the percentage of future staff changes in the scheme and the discount rate. Section 12.a of the notes to the financial statements provides more information on the estimates used at 31 December 2022.

In 2022, the Charity used the USS pension deficit model integrating the actuarial assumptions pertaining to the March 2020 actuarial valuation and recovery plan. Using this model, the Charity revised the assumptions related to the salary increases and discount rate and reduced the overall value of the pension deficit provision as shown in the statutory

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

accounts by £427k. The Charity also reduced for the same amount the value of the EESC matching asset, thus neutralising the effect of such adjustment on the net equity of the Charity. Note 12.a to the accounts provides more details about the actuarial assumptions taken for the purpose of the adjustment of the pension deficit in 2022.

- *Year-end Federal profit-sharing estimate*

For the first time in 2022, the Charity paid £0.3m of Group profit-sharing bonuses to all staff in a permanent employment for more than 3 months at end of 2021. These sums were paid to all staff as part of their December 2022 salary. The principles of this payment were determined at Federal level including the parameters of the calculation of the bonus. The 2021- “Federal” bonus amounted to 80% of the value of one-month salary of each permanent employee.

As part of the 2022 closing, the Federal team also instructed the Charity to process a 2022-related profit-sharing accrual based on 115% of a monthly salary of each permanent employee at the end of 2022 with more than 3 months of employment with the Charity. The value of the 2022 accrual at year end amounted to £0.4m.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

3. Donations

	2022 £	2021 £
Rent-free donation for the year	615,000	615,000
	<u>615,000</u>	<u>615,000</u>

4.a Student fees

	2022 £	2021 (*) £
Masters' qualifications (full-time degrees)	6,890,969	7,504,761
Bachelor in Management (full-time degree)	2,642,731	2,760,570
	<u>9,533,700</u>	<u>10,265,331</u>

(*) From 2022, application fees are no longer recharged by the Charity to the Federal entity and are an integral part of the income reversals received from the Federal entity. The value of the 2021 application fees have therefore been integrated to the income reversals under the relevant programme category for the purpose of the comparatives between 2021 and 2022.

4.b Details of fee income

	2022 £	2021 £
Fee income for taught awards (exclusive of VAT)	9,870,018	10,929,301
Fee income for research awards (exclusive of VAT)	113,036	143,400
Fee income from non-qualifying courses (exclusive of VAT)	504,229	371,983
	<u>10,487,283</u>	<u>11,444,684</u>

5.a Other educational income

	2022 £	2021 £
Income from funded research	113,036	143,400
Executive education income (part-time degrees)	1,105,511	950,207
Seminars and conferences	71,765	70,920
Job Retention Scheme / Furlough income	-	19,544
Other educational income	299,208	348,828
	<u>1,589,520</u>	<u>1,532,899</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

5.b Other income

	2022	2021
	£	£
Expenses recharged to clients	48,608	70,027
Reimbursement of Freeholder's costs	-	52,306
Other miscellaneous income	6,203	17,867
	<u>54,811</u>	<u>140,200</u>

6. Expenditure

Charitable expenditure

	Staff costs	Depreciation	Direct costs	Support costs	Total
	£	£	£	£	£
2022					
Charitable activities	<u>7,557,478</u>	<u>277,064</u>	<u>5,113,616</u>	<u>565,766</u>	<u>13,513,924</u>
2021					
Charitable activities	<u>9,153,159</u>	<u>293,390</u>	<u>4,156,993</u>	<u>821,927</u>	<u>14,425,469</u>

Direct costs

Direct costs consist of:

	2022	2021
	£	£
Personnel recharged	1,091,247	769,525
Premises	1,086,990	1,073,582
Administration of the Charity	1,017,459	717,491
Marketing and recruiting	1,024,200	1,096,107
Release of EESC pension debtor for the year	427,867	40,181
Other	465,853	460,107
	<u>5,113,616</u>	<u>4,156,993</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

6. Analysis of total expenditure (continued)

Support costs

Support costs consist of:

	2022	2021
	£	£
Finance – foreign exchange loss	70,139	289,654
Information technology	224,311	262,672
Governance costs	271,316	269,601
	<u>565,766</u>	<u>821,927</u>

Governance costs includes:

	2022	2021
	£	£
Legal and professional fees	67,581	51,926
Statutory fees (UCAS, QAA and CLA)	203,735	217,675
	<u>271,316</u>	<u>269,601</u>

Included in expenditure are the following:

	2022	2021
	£	£
Fees payable to the company's auditors for the audit of the company's accounts (inc. VAT)	51,792	51,792
Non-audit fees paid to the company's auditors (inc. VAT)	7,200	
Fees payable to the company's auditors for the audit of the subsidiary's accounts (inc. VAT)	3,968	3,968
Depreciation	277,064	293,390
Operating lease rentals: plant & equipment	62,662	64,511
	<u>277,064</u>	<u>293,390</u>

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Notes to the financial statements Year ended 31 December 2022

7. Analysis of staff costs

	2022	2021
	£	£
Wages and salaries	5,434,229	4,251,365
Social security costs	657,891	540,684
Pension costs	706,589	638,266
Net USS pension deficit adjustment	(427,867)	2,675,806
	<u>6,370,842</u>	<u>8,106,121</u>
Teaching fees invoiced	737,037	598,839
Temporary administration staff	156,770	173,503
Staff welfare costs	114,623	149,266
Recruitment and staff training costs	131,930	67,071
	<u>7,511,202</u>	<u>9,094,800</u>
Personnel recharged by ESCP EUROPE Paris	46,276	58,359
	<u>7,557,478</u>	<u>9,153,159</u>

The average monthly number of employees during the year was 141 (2021: 128) made up as follows:

	2022	2021
	No.	No.
Teaching	63	62
Administration	78	58
Student workers	-	8
	<u>141</u>	<u>128</u>

The Trustees did not receive any remuneration during the year (2021: £nil). One Trustee (2021: none) received a reimbursement of £1,541.46 for attending an ESCP/KPMG Conference in Paris in June 2022.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

7. Analysis of staff costs (continued)

The number of employees, excluding the UK Dean, employed by the Charity during the year whose basic salary is above £100k is:

	2022 No.	2021 (*) No.
£100,000 - £104,999	-	1
£105,000 - £109,999	1	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	-	-
£145,000 - £149,999	-	-
£150,000 - £154,999	-	-
£155,000 - £159,999	-	1
	1	-
	<u>2</u>	<u>2</u>

(*) A reporting error in 2021 was made with a total of 7 people in the salary bands where 2 was the correct number. The 2021 entries are now corrected accordingly.

In accordance with the OfS Accounts Direction, this data does not include any staff who joined or left during the year.

Emoluments of the UK Dean of the Charity

The UK Dean's complex set of responsibilities calls for a particular combination of qualities including strategic thinking and leadership, people management, problem solving and decision-making. These demonstrated competences and the Dean's effective market value as an experienced HE leader with both U.K. and European experience, are factors in determining the UK Dean ongoing remuneration.

The UK Dean's performance objectives for the year are set by the Executive President of the ESCP Group on the advice of the remuneration committee of the Charity at the beginning of the calendar year. The Chair of the Board of Trustees / the Executive President of the ESCP Group undertake an annual performance review of the UK Dean against the objectives, the results of which are reported to the Remuneration Committee. The Committee uses this information as the basis for assessing progress against agreed outcomes at the end of the year.

Professor Simon Mercado served as the Campus UK Dean until 7th June 2021 replaced by Professor Kamran Razmdoost since then.

Details of the emoluments of Professor Simon Mercado and Professor Kamran Razmdoost as UK Deans are given below:

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Notes to the financial statements Year ended 31 December 2022

7. Analysis of staff costs (continued)

- *Emoluments of the UK Dean, Professor Simon Mercado (Jan.21- June 21)*

	2022	2021
	£	£
Basic salary	-	60,798
Pension contributions	-	13,302
Performance-related pay and other bonuses	-	14,789
Other taxable benefits		
- Subsidised accommodation	-	7,450
Non-taxable benefits		
- Living accommodation	-	1,085
	-	97,424

The amounts disclosed above for 2021 cover the period 1st January 2021 to 6th June 2021. Salaries are stated gross, before deductions of pension contributions made under the Charity's pension plan.

The UK Dean is regarded as carrying representative status and is required, in accordance with his contract of employment, to live on Campus-provided accommodation for more effective performance of his duties. The flat previously occupied by Professor Mercado was part of the legacy of former students' residence area and was made up of two former bedrooms joined up and refreshed cosmetically in 2015 before the Dean's arrival at the London Campus. From this aspect, it does not represent a cost to the Charity's general funds. It is reported at the estimate annual income (net of costs) it could generate if let on the open market.

- *Emoluments of the UK Dean, Professor Kamran Razmdoost (June 2021-Dec.21 and 2022 in full)*

	2022	2021
	£	£
Basic salary	96,288	55,343
Pension contributions	20,750	11,748
Performance-related pay and other bonuses	19,267	6,739
	136,305	73,830

The amounts disclosed above for 2021 cover the period 7th June 2021 to 31st December 2021. Professor Kamran Razmdoost did not occupy the former UK Dean flat since the beginning of his tenure, hence no subsidised and living accommodation benefits being recognised in the table above.

Salaries are stated gross, before deductions of pension contributions made under the Charity's pension plan.

- *OfS pay ratios*

The Accounts Direction from OfS defines two pay ratios to be included in the financial statements: a basic salary ratio and a total remuneration ratio.

The basic salary ratio is defined as: the UK Dean salary / the median salary of the whole workforce.

The total remuneration ratio is defined as: the UK Dean total remuneration including both taxable and non-taxable benefits / the median total remuneration of the whole workforce, including taxable benefits.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

7. Analysis of staff costs (continued)

For both of these ratios, the figures below include all academic and non-academic staff and include all employees who are required to be included in real-time reporting to HMRC. This is in line with the OfS Accounts Direction.

OfS pay ratios for the UK Dean, Professor Kamran Razmdoost

The ratio of Professor Razmdoost's basic salary, so defined, to that of all staff is 2.25 times (£96,288 / £42,769) the median pay of all staff for 2022 (2021: 2.61), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the Charity to its staff.

The ratio of Professor Razmdoost's total remuneration, so defined, to that of all staff is 2.92 times (£136,305 / £46,738) the median total remuneration of all staff for 2022 (2021: 3.30), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of all of Charity's staff.

No ancillary expenditures were allocated to Professor Razmdoost in the context of any on-site accommodation.

Key management personnel remuneration (including pension contributions but excluding employer's NIC) in 2022 was £1,413,241 (2021: £1,364,597) in relation to 11 (2021: 12) staff members. Total employer's NIC paid in respect of key management personnel of the Charity for the year totalled £164,353 (2021: £152,072). No compensation for loss of office was paid to any key management personnel in 2022. The key management personnel are defined on page 13.

8. Tangible assets

Group and Company

	Freehold Improvements £	IT equipment £	Office furniture and equipment £	Total £
Cost				
At 1 January 2022	1,107,966	484,410	97,381	1,689,757
Additions	106,447	69,066	22,592	198,105
Disposals	(53,769)	(110,074)	(1,759)	(165,602)
At 31 December 2022	<u>1,160,644</u>	<u>443,402</u>	<u>118,214</u>	<u>1,722,260</u>
Accumulated depreciation				
At 1 January 2022	405,301	344,294	49,109	798,704
Charge for year	145,630	110,586	20,848	277,064
Disposals	(53,769)	(110,074)	(1,759)	(165,602)
At 31 December 2022	<u>497,162</u>	<u>344,806</u>	<u>68,198</u>	<u>910,166</u>
Net book value				
At 31 December 2022	<u>663,482</u>	<u>98,596</u>	<u>50,016</u>	<u>812,094</u>
At 31 December 2021	<u>702,665</u>	<u>140,116</u>	<u>48,272</u>	<u>891,053</u>

All assets are held for charitable purposes. The Trustees carry out impairment reviews when events or changes in circumstances indicate the need for such a review.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

9. Investments

Company

	2022	2021
	£	£
Investment in trading subsidiary	1	1

The Charity's Trading subsidiary, ESCP Europe Corporate Services Limited, carries out executive education and funded studies. Its company number is 07468929 and it is incorporated in the United Kingdom. The Company's objects are:

- to carry on business in executive education, training and conductors and commissioners of research;
- to make donations (whether by way of gift aid or otherwise), and/or to provide other forms of support to the Charity; and
- to promote the interests of the Charity in the global corporate business environment.

The subsidiary had the following results in the year:

	2022	2021
	£	£
Turnover	557,042	375,789
Expenditure	(408,450)	(270,691)
Profit before gift aid to the parent company	148,592	105,098
Gift aid	(148,592)	(105,098)
Profit after gift aid to the parent company	-	-
Assets	561,469	471,903
Liabilities	(561,469)	(471,903)
Net liabilities	-	-

10. Debtors

	2022		2021	
	Group	Company	Group	Company
	£	£	£	£
Trade debtors	1,333,906	1,023,519	1,497,199	1,204,354
Prepayments and accrued income	343,703	514,889	328,586	440,254
Other debtors	52,592	4,190	55,749	28,166
Amounts due from subsidiary undertaking	-	229,948	-	198,617
Donation gift-aided by subsidiary undertaking	-	148,592	-	105,098
EESC debtor (pension liability commitment)	793,361	793,361	1,221,228	1,221,228
	<u>2,523,562</u>	<u>2,714,499</u>	<u>3,102,762</u>	<u>3,197,717</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

10. Debtors (continued)

The EESC pension debtor as represented in the table above (2022: £793k) was capped in 2019 and represented the value of the pension deficit as recorded in the Charity's accounts at the time. The commitment from the EESC to fund any additional deficit arising from subsequent USS actuarial valuations has been formalised since then in the form of a letter of financial guarantee issued by the EESC to the Charity. No further adjustment to the value of the EESC pension-related debtor takes place each year other than the net effect of the reduction of the asset linked to the deficit contributions paid during the year and the unwinding of the discount factor for the same year (2022: £428k).

11. Creditors: amounts falling due within one year

	2022		2021	
	Group £	Company £	Group £	Company £
Trade creditors	788,822	741,533	334,936	182,501
Taxation and social security	288,884	288,884	166,624	166,624
Other creditors	172,128	131,542	52,550	52,550
Accruals and deferred income	4,145,293	4,080,434	2,627,760	2,612,009
EESC current account	36,978	36,978	363,934	363,934
	<u>5,432,105</u>	<u>5,279,371</u>	<u>3,545,804</u>	<u>3,377,618</u>

	2022		2021	
	Group £	Company £	Group £	Company £
Reconciliation of movement in deferred income				
Balance brought forward	2,077,326	2,077,326	2,900,285	2,820,920
Amount released to SOFA during the year	(2,077,326)	(2,077,326)	(2,900,285)	(2,820,920)
Amount deferred during the year	3,389,867	3,364,081	2,077,326	2,077,326
Balance carried forward	<u>3,389,867</u>	<u>3,364,081</u>	<u>2,077,326</u>	<u>2,077,326</u>

12.a Pension liability

USS 2020 valuation parameters

The latest available complete actuarial valuation of the Retirement Income Builder (defined benefit) component of USS is at 31st March 2020 (the valuation date), which was carried out using the projected unit method.

The 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

Further to this valuation, USS Trustees prepared a recovery plan on 30 September 2021, to satisfy the requirements of section 226 of the Pensions Act 2004, after obtaining the advice of the actuary to the Scheme.

The key financial assumptions used in the 2020 valuation are as follows:

- CPI assumption: term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long-term difference of 0.1% p.a. from 2040;

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

12.a Pension liability (continued)

- Pension increases (subject to a floor of 0%): CPI assumption plus 0.05%; and
- Discount rate (forward rates): Fixed interest gilt yield curve plus Pre-retirement: 2.75% p.a. and Post retirement: 1.00% p.a.

The main demographic assumptions used relate to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

- Mortality base table: 101% of S2PMA "light" for males and 95% of S3PFA for females; and
- Future improvements to mortality: CMI 2019 with a smoothing parameter of 7.5, an initial addition of 0.5% p.a. and a long-term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2022	2021
Males currently aged 65 (years)	23.9	24.7
Females currently aged 65 (years)	25.5	26.1
Males currently aged 45 (years)	25.9	26.7
Females currently aged 45 (years)	27.3	27.9

To ensure that the statutory funding objective is met and to correct the shortfall, the Employers' deficit contributions have been set at 6.2% as a percentage of uncapped salaries over the period 1 April 2022 until 31 March 2024, at which point the rate is set to increase to 6.3%.

USS 2020 valuation -Funding position update as of 31 December 2022

After recording a deficit of £14.1 billion at the end of 2021, the scheme has since recovered and according to the most recent USS Trustee data, holds a £1.8 billion surplus.

Under the pressure from the University and College Union ("UCU") early 2022, USS Trustees released new information showing in October 2022 that the scheme is in such a healthy position that the lost benefits previously arising from the cuts drawn up by Universities UK ("UUK") late 2021/early 2022, could be retroactively paid back (backdated to April 2022). This would see a possible return of around £0.5 billion to the retirement funds of the 200,000-university staff currently in the pension scheme, still leaving the scheme in surplus.

The retroactive restoration would see the accrual rate, the rate at which benefits build up over time, enhanced. Protection against inflation would also increase, meaning that a scheme member's benefits keep better pace with inflation. USS has quoted the cost for retroactively restoring both these elements to their values before the April 2022 cuts. The monitoring data reports that retroactive restoration would cost around £0.5bn per year of restoration and would be funded by a proportion of the scheme's surplus. This amount is less than the £0.57bn employers and employees are paying each year into the scheme to close the £14.1bn deficit, which no longer exists.

Sensitivity analysis

The actuarial assumptions used for the purpose of the calculations of the year-end USS pension deficit are as follows as of 31 December 2022:

- Prior year discount rate: 1.07%;
- Current year discount rate: 3.49%;
- Deficit contribution rate: 6.2% from 01.04.2022 until 31.03.2024 then 6.3% from 01.04.2024 until 30.04.2038;

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

12.a Pension liability (continued)

- Payroll annual salary increase (Cost Of Living): 2.3% in 2022 (Year 1), 3% in 2023 (Year 2), 2.0% from 2024 until 2037 (Year 3 to Year 17);
- Average headcount variation: 0.75% net per year until 2037 (2021: 1.5%)

As set out in the accounting policies, there are some critical estimates made in assessing the obligation to fund the USS deficit. The sensitivity on the above main assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 31 December 2022	Approx. impact on deficit of £3.7m	Impact
	£'000	
0.25% pa decrease in discount rate	72	Increase
0.25% increase in salary inflation over duration of the recovery plan from Year 2	64	Increase
0.25% pa increase in salary inflation Year 2 only	8	Increase
0.25% increase in staff changes over duration of the recovery plan from Year 2	56	Increase
0.25% increase in staff changes Year 2 only	8	Increase

Pension provision

At 31 December 2021, the value of the provision related to the USS pension deficit of the Charity was £4,078,421. In 2022, a net release of £427,867 was made against the previous year provision and against the EESC debtor asset, thus bringing the net liability to a balance of £3,650,554 at year end, and the net EESC asset reducing to a balance of £793,361 (2021:1,221,228).

Group and company	2022 £	2021 £
At 1 January	4,078,421	1,402,615
Net charged to the SOFA	(427,867)	2,675,806
At 31 December	3,650,554	4,078,421

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

12.a Pension liability (continued)

Reconciliation of the (income) / charge made through the SOFA

	2022 £	2021 £
Payments made during the year	(155,053)	(44,108)
Unwinding of discount	43,639	3,927
Adjustments	(316,453)	2,715,987
Total charged to SOFA	<u>(427,867)</u>	<u>2,675,806</u>

12.b Creditors: amounts falling due after one year

Loan Financing Agreement

In September 2019, the Charity requested a five-year Loan Financing Agreement from its parent company the EESC with a view to assist with the financing of essential internal refurbishments which took place during the summer 2019. The total amount of the loan was agreed for an amount of £250,064, bearing an interest of 4% over the duration of the loan. At the end of the year, repayments of £50,013 for the principal of the loan and of £5,585 for the 2022 related interests was made, bringing the balance of the loan at £89,606 at year end.

	2022 £	2021 £
Balance at the beginning of the year	<u>139,619</u>	<u>189,632</u>
Repayment during the year (principal)	(50,013)	(50,013)
Interests due at year end	-	-
Balance at the end of the year	<u>89,606</u>	<u>139,619</u>
Total charged to SOFA (interests)	5,585	7,585

12.c Consolidated reconciliation of net debt

	2022 £
Net debt opening balance - 1 January 2022	3,040,882
Movement in cash and cash equivalent	363,122
Movement on loan	50,013
Net debt closing balance - 31 December 2022	3,454,017
Change in net debt	413,135

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

12.c Consolidated reconciliation of net debt (continued)

	2022 £	2021 £
<u>Analysis of net debt</u>		
Cash and cash equivalents	3,543,625	3,180,503
Borrowings: amount falling due within one year		
Unsecured loans	(50,013)	(50,013)
Borrowings: amount falling due after more than one year		
Unsecured loans	(39,595)	(89,608)
Net debt	3,454,017	3,040,882

12.d Financial instruments

<u>Financial assets</u>	Group	Company	Group	Company
	2022	2022	2021	2021
	£	£	£	£
Cash and cash equivalent	3,543,625	3,199,952	3,180,503	2,917,360
Trade debtors	1,333,906	1,023,519	1,497,199	1,204,354
<u>Financial liabilities</u>	Group	Company	Group	Company
	2022	2022	2021	2021
	£	£	£	£
Financial liabilities measured at amortised cost				
Loans	89,606	89,606	139,619	139,619
Trade creditors	788,822	741,533	334,936	182,501
Other creditors	461,012	420,426	219,172	219,172

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company 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.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

13. Net assets of the charity

	Fixed assets/ Investments	Net current assets	Loan	Provision s	Fund balances
	£	£	£	£	£
2022					
Unrestricted funds	<u>812,095</u>	<u>635,080</u>	<u>(89,606)</u>	<u>(3,650,554)</u>	<u>(2,292,985)</u>
2021					
Unrestricted funds	<u>891,054</u>	<u>2,737,459</u>	<u>(139,619)</u>	<u>(4,078,421)</u>	<u>(589,527)</u>

14. Membership liability

In accordance with Clause (7) of the Charity's Memorandum of Association, every member of the Charity undertakes to contribute to the assets of the Charity in the event of the same being wound up while he, she or it remains a member or within 12 months afterwards, to pay one pound towards the costs of dissolution and the liabilities incurred by the Charity while he, she or it was a member.

The sole member of the Charity is the EESC ESCP Europe at 31 December 2022.

15. Related party transactions

Donation and fees were received from the EESC ESCP Europe during the year as follows:

	2022 £	2021 (*) £
Provision of rent-free premises	615,000	615,000
Undergraduate programme fee income	2,642,731	2,760,570
Postgraduate programmes – Full-time Masters fee income	<u>3,844,104</u>	<u>4,408,289</u>

Full-time Masters fee income covers fees received from the EESC for students on shared programmes (MiM, MBA, and other visiting Masters).

(*) the comparative for Postgraduate programmes – Full-time Masters fee income in 2021 was erroneously reported as £4,921,852 due to an error in the mapping of accounts pertaining to Executive Education income. The correct rectified comparative for 2021 is £4,408,289.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

15. Related party transactions (continued)

The following income and recharges of costs were also made in the year:

	Income/recharges		Debtor at 31 December	
	2022	2021	2022	2021
	£	£	£	£
EESC ESCP EUROPE	6,954,769	7,768,902	63,416	211,651
EESC Pension Debtor	-	-	793,361	1,221,228
ESCP EUROPE Madrid	107,470	141,168	1,079	42,391
ESCP EUROPE Berlin	6,068	116,895	6,068	17,288
ESCP EUROPE Torino	22,046	14,654	22,046	3,035
ESCP EUROPE Foundation	111,357	174,602	-	42,703
ESCP EUROPE Corporate Services Limited	370,410	271,707	408,734	303,715

The following costs were also incurred during the year:

	Costs		Creditor at 31 December	
	2022	2021	2022	2021
	£	£	£	£
EESC ESCP EUROPE	485,053	508,209	615,074	414,993
EESC Pension Debtor	427,867	40,181	-	-
ESCP EUROPE Berlin	1,461	10,401	1,461	8,971
ESCP EUROPE Madrid	107,864	12,487	55,002	12,487
ESCP EUROPE Torino	6,401	3,337	-	1,896
ESCP EUROPE Foundation	-	-	-	3,000
ESCP EUROPE Corporate Services Limited	-	627	-	-

EESC ESCP EUROPE, ESCP EUROPE Madrid, ESCP EUROPE Berlin, ESCP EUROPE Foundation, ESCP EUROPE Corporate Services Limited and ESCP EUROPE Torino are related by virtue of common directors/Trustees.

CCIR is the sole member of each ESCP Europe campus.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

16.1 Movements on funds

	At 1 January 2022 £	Income £	Expenditure £	At 31 December 2022 £
Unrestricted funds				
General fund	2,227,485	11,142,010	(12,956,882)	412,613
Pension funding	(2,817,012)	111,414	-	(2,705,598)
Unrestricted funds total	<u>(589,527)</u>	<u>11,253,424</u>	<u>(12,956,882)</u>	<u>(2,292,985)</u>
Total charity funds	(589,527)	11,253,424	(12,956,882)	(2,292,985)
Unrestricted funds				
ESCP Europe CS Limited	<u>1</u>	<u>557,042</u>	<u>(557,042)</u>	<u>1</u>
Total group funds	<u><u>(589,526)</u></u>	<u><u>11,810,466</u></u>	<u><u>(13,513,924)</u></u>	<u><u>(2,292,984)</u></u>

16.2 Comparative movements on funds

	At 1 January 2021 £	Income £	Expenditure £	At 31 December 2021 £
Unrestricted funds				
General fund	1,417,907	12,143,271	(11,333,693)	2,227,485
Pension funding	(141,206)	40,181	(2,715,987)	(2,817,012)
Unrestricted funds total	<u>1,276,701</u>	<u>12,183,452</u>	<u>(14,049,680)</u>	<u>(589,527)</u>
Total charity funds	1,276,701	12,183,452	(14,049,680)	(589,527)
Unrestricted funds				
ESCP Europe CS Limited	<u>1</u>	<u>375,789</u>	<u>(375,789)</u>	<u>1</u>
Total group funds	<u><u>1,276,702</u></u>	<u><u>12,559,241</u></u>	<u><u>(14,425,469)</u></u>	<u><u>(589,526)</u></u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2022

17. Financial commitments

Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases:

	2022	2021
	IT	IT
	equipment	equipment
	£	£
Group and Charity		
- within one year	38,739	38,433
- between one and five years	89,853	125,828
	<u>128,592</u>	<u>164,261</u>

18. Net cash flows generated from operating activities

Reconciliation of net income to cash generated by operations:

	2022	2021
	£	£
Net outcome for the year	(1,703,458)	(1,866,228)
Adjustments for:		
Depreciation charges	<u>277,064</u>	<u>293,390</u>
Operating cash flow before movement in working capital	(1,426,394)	(1,572,838)
Decrease in debtors	579,202	719,113
Increase / (decrease) in creditors	1,886,300	(246,103)
(Decrease) / increase in provisions	<u>(427,867)</u>	<u>2,675,806</u>
Cash generated from operating activities	<u><u>611,241</u></u>	<u><u>1,575,978</u></u>

19. Ultimate parent undertaking

The EESC ESCP Europe is the sole member of the Charity. It is the parent undertaking of the Charity from this point of view at the time of the signing of the 2022 statutory accounts.

The registered address of the EESC ESCP Europe is 3 rue Armand Moisant, Paris 75015, France.

ESCP EUROPE - BUSINESS SCHOOL

England & Wales - Charity number 293027

Accounts

Company Registration No. 1876779

Charity Registration No. 293027



ESCP Europe Business School

Annual Report and Financial Statements

31 December 2021

ESCP Europe Business School

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ESCP Europe Business School

Introduction

This report and financial statements reflect the activities of ESCP Europe Business School, the London campus of ESCP Europe. ESCP Europe Business School legally refers to the company registered at Companies House under company number 1876779 and name “ESCP Europe-Business School”. The commercial name of the entity is ESCP Business School since late 2019.

The London Campus (the “School” and/or the “Charity”) is a part of ESCP Europe, which is both a leading school of international management and a major European Higher Education institution. ESCP Europe was founded in Paris in 1819 and since then has educated generations of leaders, contributing to the fine reputation it enjoys today. Six campuses in Berlin, London, Madrid, Paris, Turin and Warsaw are the stepping stones that allow students to experience this European approach to management. Over the past 200 years, generations of entrepreneurs and managers have been trained in the firm belief that the business world can feed into society in a positive way. This conviction and ESCP’s values - excellence, singularity, creativity and plurality - guide the School’s mission and build its pedagogical vision on a daily basis.

Each year, ESCP welcomes over 8,000 students and 5,000 managers from 122 different nationalities. Its strength lies in its many business training programmes, both general and specialised (Bachelor, Master, MBA, Executive MBA, PhD and Executive Education), all of which include a multi-campus experience.

ESCP Business School is multi-accredited, with AACSB, EQUIS, EFMD MBA, EFMD EMBA, and five European Higher Education accreditations. The School goes through numerous accreditations processes each year, guaranteeing the quality of its programmes and supporting its commitment to continuous improvement.

In 2019, the School became successfully registered as a Higher Education provider with the newly formed Office for Students (OfS), as part of the new regime for higher education management and regulation in the UK. The School has been following the OfS Accounts Direction since then.

In 2020, the School applied to the DAP (“Degree Award Powers”) with a view to seek recognition of its local Masters in the UK and to be granted the status of university in the UK at a later stage. The application process is ongoing and the School is expected to undergo a full DAP review in 2022.

In September 2021, the London Campus established its Social Impact and Sustainability (ESG) Committee to formalise the work done in past years and to agree the framework and scope for future projects. These include creating the Green Office to deliver projects on behalf of the Committee, and joining the Camden Climate Alliance. The Committee will oversee any sustainability and social impact-related projects.

The portfolio of educational offering includes the following programmes:

- Master in Management (MIM)
- Specialised Masters (multiple full-time programmes)
- MBA in International Management
- EMBA Programme (Executive MBA)
- Executive Specialised Masters (8 part-time programmes)
- Ph.D. Programme (Paris, Berlin, Torino)
- Bachelor (BSc.) in Management

ESCP Europe is also committed to providing executive education alongside degree options. Custom and open enrolment programmes are offered annually across ESCP campuses.

The quality of ESCP Business School’s higher education is recognised annually in the Financial Times Business Education Rankings. The School’s flagship Master in Management programme is consistently ranked in the top ten in

ESCP Europe Business School

Introduction (continued)

the world, and ESCP is ranked in the top five business schools in five of its six campus countries: United Kingdom, France, Germany, Spain and Italy.

ESCP is also highly ranked by The Economist, with the Master in Management programme placed 4th worldwide (1st for employability amongst diverse recruiters, variety of languages on offer and access to overseas exchange programmes).

ESCP's QS worldwide rankings are: 4th - MSc in Big Data and Business Analytics, 5th - MSc in Marketing and Creativity and 7th - Master in Management.

Research is a major priority at ESCP Europe. The team of international Faculty members are constantly striving for the creation of new knowledge. The aim is to bring new insights to the global academic community as well as providing innovative content for teaching and business practice.

Until 31 December 2017, ESCP Europe was part of the Chambre of Commerce and d' Industrie of Paris Region Ile-de-France, (the CCIR). From January 2018, the ultimate parent company and sole member of the Charity is the EESC ESCP Europe.

ESCP Europe (located at 2, rue Armand Moisant - 75015 - Paris - France), is an institution with a specific legal status and form named EESC (Etablissement d'Enseignement Supérieur Consulaire) since the 1st of January, 2018. EESC ESCP Europe is a French autonomous non-profit legal person, subsidiary of the CCIR which is its shareholder at 99.99% and which controls the majority of the voting rights at EESC ESCP Europe's Board. The CCIR is a French administrative public body.

Coronavirus update

Throughout 2021 and until the date of this report, the School has been monitoring all COVID-19 developments in close collaboration with the U.K. Government Department for Education (DfE), the Department for Health and Social Care (DHSC), and other national agencies including Public Health England (PHE).

Both in effecting temporary campus closure from January 2021 until April 2021 and in introducing stringent Health and Safety protocols for a return to Campus in September 2021, the School followed all HE Providers' set guidelines.

From September 2021 to date and despite the Omicron new variant spread in the UK, the School managed to continue to deliver in person teaching for the greatest benefit of its students and staff. This was made possible through the provision of an optional onsite testing service made available to all staff and students from September 2021, mandatory testing in January 2022 as well as enhanced cleaning protocols and mandatory mask wearing throughout the premises.

ESCP Europe Business School

Report and financial statements 2021

Company information

Trustees

The Trustees who have served in office during the year, and up to the date of this report unless otherwise stated, are:

Lord **Gold** (Chairman) (*)

Jerome **Bedier** (resigned 8 March 2022)

Franck **Bournois**

Gilles **Cambournac** (resigned 9 March 2022)

Rodney **Eastwood**

Laurent **Feniou**

Valerie **Henriot** (*)

Thomas **Jeanjean** (appointed 1 June 2021)

Joelle **Lellouche**

Laurence **Milsted** (*)

Jean-Luc **Neyraut** (appointed 27 April 2020 – resigned 1 March 2021)

(*) Member of the Audit & Risk Committee

The *Etablissement d'Enseignement Supérieur Consulaire ESCP Europe* (« EESC ESCP Europe ») is the sole member of the Charity. Membership is explained in note 14 to the accounts.

Registered office: 527 Finchley Road, Hampstead, London NW3 7BG

Website: www.escp.eu

Principal professional advisers

Bankers

Barclays Bank Plc, Oxford City Office, PO Box 333, Oxford OX1 3HS

Solicitors

Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN

Insurer

Zurich Municipal, Zurich House, 2 Gladiator Way, Farnborough, Hampshire GU14 6GB

Independent auditors

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

ESCP Europe Business School

Trustees' Report incorporating Strategic Report

The Trustees present their annual report, incorporating a Directors' report, for the year ended 31 December 2021 together with the audited financial statements for the year. This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, including the exemption from preparing a strategic report.

Reference and administrative information

The Charity, a company limited by guarantee, was founded in 1985 and is registered with the Charity Commission in England and Wales under Charity number 293027. The Trustees and address of the Charity are as listed on page 3. Particulars of the Charity's professional advisers are also given on page 3.

The Charity was established in the UK with the support of the CCIR in pursuit of its mission of providing education and training in Business Management. It is the London campus of a six-campus school with the other centres being Berlin, Madrid, Paris, Turin and Warsaw. The EESC ESCP Europe commits to support financially the Charity in case the Charity cannot meet its short-term obligations. This guarantee is provided in the form of a letter of financial support from the EESC to the Charity. The EESC also provides rent-free facilities to the Charity. Since 2 January 2018, the immediate parent company and sole member of the Charity is the EESC ESCP Europe, owned by the Charity's ultimate parent company, the Chambre de Commerce et d'Industrie Paris Region Ile-de-France (the "CCIR").

Structure, governance and management

This section of the Trustees' report, along with the responsibility statement on page 16 incorporates the requirements of the statements of corporate governance and internal controls required by the OfS Accounts Direction. This covers the period covered by the financial statements and the period up to the date of approval of the audited financial statements.

Governing Document

The Charity is governed by its Memorandum and Articles of Association.

Governing Body

The Charity is governed by its Trustees.

Recruitment of Trustees

The Charity's Trustees are appointed when appropriate on the basis of nominations received from Trustees. Trustees are selected on the basis of their knowledge in a specific field and the Trustee skill register is reviewed each year. Trustees are inducted by the Chairman with the support of the UK Campus Dean in London and the Dean of the School in Paris.

Organisational Management

The Trustees of the Charity are legally responsible for the overall management and control of the Charity. The Trustees hold Boards of Trustees four times a year as well as an Annual General Meeting to approve the annual report and financial statements. ESCP Europe Corporate Services Limited (the "Trading") holds separate Boards of Directors three times a year.

The Audit and Risk Committee meets at least twice per year to review the annual report and financial statements, the accounting systems, the internal controls and audit thereof and other significant issues.

The Reward and Remuneration Committee meets once a year to review the framework for the remuneration and terms and conditions of employment of the key management personnel of the School. It ensures that the reward policy of the School is appropriate to attract and motivate those individuals to achieve the long-term targets of the School.

The Governance Committee (newly created in 2021), meets twice a year to discuss any governance-related matter and to ensure Board effectiveness.

The School is subject to the national (UK) framework for higher education provision. Prior to 2019, regulatory control has been exercised by a national quality assurance agency: the QAA. The School satisfied all QAA requirements as an alternative/private provider prior to 2019 and successfully registered as an HE provider with the newly formed Office for Students (OfS) in 2019, as part of the new regime for higher education management and regulation in the UK. In

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2021, the School successfully completed the first steps of the DAP (“Degree Awarding Powers”) review. The review of the DAP application by the QAA is ongoing.

The School has a Senior Management Board (“SMB”, led by the Campus Dean) providing strategic and operational control of the business and administration side of the School and Campus within the parameters of the EESC governance model. SMB is supported by a number of subsidiary committees and local governance mechanisms, some of which are subsidiary committees to federal organs.

With respect to supervisory control and governance, the London board of Trustees (with strong EESC representation) operates with the addendum of a Corporate Services Board, an Audit & Risk Committee, a Reward & Remuneration Committee and a Governance Committee (see above).

Risk Management and internal control

The Trustees receive and consider reports from the OfS as they affect the School’s business, and monitor adherence to the regulatory requirements which includes compliance with the OfS’s ongoing conditions of registration.

The Trustees of the Charity are responsible for the management of the risks faced by the Charity. Detailed considerations of risk are delegated to the Audit and Risk Committee, who are assisted by the senior management. Risks are identified and assessed, and controls are reviewed throughout the year. A formal review of the Charity’s risks and their mitigation is undertaken on a termly basis at the Trustee meetings and in a more detailed manner, twice a year, at the Audit and Risk Committee meetings. Through the risk management processes established for the Charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Amongst the major risks and uncertainties which the Trustees seek to mitigate at all times, the Trustees’ try to ensure that:

- all COVID-19 related risks (recruitment, student well-being and experience, and overall financial strength) are comprehensively monitored and that all Health and Safety developments are kept under constant review and communication with all relevant authorities;
- all BREXIT related risks (e.g. cross border mobility of persons) are assessed and managed to the extent possible;
- business continuity is ensured through appropriate levels of activity, recruitment, and commercial performance;
- statutory obligations are met and compliance actions undertaken; and
- financial plans and targets are suitably framed and executed upon.

The Board of Trustees is also concerned that:

- the School continues to recruit and retain high quality academics in order to achieve its research aims and teaching goals;
- manages realistically its enrolment targets;
- delivers the courses to which it is publicly committed and at an appropriate standard; and
- maintains its estate and facilities suitably, considering the positive implications of remote learning on spatial constraints and the requirement for modernisation of its facilities.

Mitigation of these risks is through regular management team meetings and termly Trustees’ meetings typified by report on:

- student experience and student satisfaction: assessed at periodic intervals through minuted meetings with students’ representatives and implementation and analysis of students’ satisfaction surveys;
- student recruitment: monitored on a monthly basis by the Admissions’ team feeding back reporting to the School local and federal management and allowing live updates of all financial forecasts;
- staffing requirements: fully apprehended through termly Professional Resources Committees (“PRC’s”) reporting to the SMB;

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- progress against financial objectives: subject a monthly exhaustive reporting submitted to the federal centre assessing performance against budget and campus set targets; and
- estate emergency and maintenance plan: reviewed through regular discussions held with the Freeholder to allow the School to communicate and address the needs of the student population and the development of its estate.

The key elements of the School's system of risk identification and management include:

- the integration of planning, risk, KPIs and other performance indicators to provides an efficient reporting and control mechanism;
- the management of risk at strategic, School and project level to ensure that a full picture of risks is available and that significant risks are escalated to the appropriate level;
- business continuity and emergency management, ensuring plans are in place which would address any disaster and emergency situation;
- ensuring that all risks have appropriate ownership so that risks can be controlled appropriately; and
- reporting at least twice a year to the Audit and Risk Committee which assures the Board on the effectiveness of arrangements of internal control and risk management.

System of internal control and financial statements

In accordance with the Scheme of Reserved and Delegated matters, the Board is responsible for the administration and management of the School, including ensuring an effective system of internal control, and adopting audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the School's financial position and enable it to ensure that the financial statements are prepared in accordance with relevant accounting standards.

The system of internal control is based on an ongoing process designed to identify the principal business, operational, compliance and financial risks; to evaluate the nature and extent of those risks; and to manage them efficiently and effectively. This process was in place for the year ended 31 December 2021 and up to the date of the approval of the financial statements, and accords with OfS guidance and there were no significant control weaknesses that should be disclosed.

The key elements of the School's system of internal control include:

- a medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- the attendance of the School's external auditors at each meeting of the Audit and Risk Committee, where through their work, they share their views on areas for improvements in internal control and value for money;
- defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approval limits set by the Board; and
- an internal financial control manual updated every year, detailing financial controls and procedures.

Any system of internal control or risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material misstatement or loss.

Having reviewed all available evidence, the Trustees have satisfied themselves with the adequacy of internal controls for the period 1st January 2021 to the date of signing of the accounts.

Charitable Objects

The Charity's Objects, as set out in its Memorandum and Articles of Association, are the advancement of education in the science and practice of professional management in a European context. The Charity seeks to provide education and research in professional management and related subjects and to publish the useful results of such activity for public benefit. The Charity wholly owns ESCP Europe Corporate Services Ltd, the objects of which are to carry on business

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as providers of executive education and training. The performance of the subsidiary for 2021 is given in note 9 to the accounts.

Strategy

The aims of the School (in London) are set against the Strategic/Business Plan of ESCP Europe for the period 2018-2022. In accordance with this, the objectives of the School in London have been organised in ten priority areas. These are split between the two central goals of “brand and size”.

SIZE

1. Grow and diversify revenue streams in order to ensure an operating surplus.
2. Increase the number of students on campus in alignment with the Strategic Plan.
3. Increase the number and range of degree programmes and specialisations.
4. Advance relationships with the corporate world through impactful consultancy projects, employer links, and executive education.
5. Expand and modernise our facilities, including a programme of investment in the School's physical and virtual learning environments.

BRAND

6. Enhance teaching and research excellence through investment in faculty, pedagogic innovation and digital learning.
7. Improve the overall visibility and reputation of the School in the UK and English-speaking world.
8. Strengthen the School's community interaction and impact, by engaging with and supporting the communities in which the School operates.
9. Improve academic standards and quality assurance, with full UK quality code compliance and adherence to our international accreditation standards.
10. Ensure strong rankings placement and other metrics of programme positioning.

In 2022, a 2022-2025 Strategic/Business Plan will be implemented at Federal level, focusing the development of the School around the themes of Choices and Experiences, a bottom-up approach having been taken, involving the entire ESCP community and with a view to prepare the next responsible leaders of the future. This would allow students' access to a greater range of digital and campus international experiences as well as increased exposure to companies. A clear angle aiming at shortening the programmes' courses would also be a key component of the new strategy.

Specialisations, esteem factors and milestones

Specialisations

Within the context of the ESCP Europe system of campuses, awards and specialisations, the London Campus will continue to offer specialisations in:

- Marketing & Creativity
- Digital Transformation
- Banking, Finance & Investment
- Energy Industries & Security
- Consultancy & Professional Services

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Esteem Factors and Milestones

The rankings of ESCP Business School programmes translate into impressive UK market positioning. FT Rankings for the EMBA; AMIF and MiM, place ESCP Europe within the top 3 in the U.K. for each programme category. Our Masters in Marketing and Creativity (MMK) was also ranked in year by QS as No.5 worldwide.

Principal activities of the year

Appointment of Professor Kamran Razmdoost as new UK Dean

Professor Kamran Razmdoost was appointed on 7th June 2021 as new UK Dean of the London campus, succeeding Professor Simon Mercado who was promoted Executive Vice-President of Executive Education and Corporate Relations at Federal level.

Prior to joining ESCP, Professor Razmdoost was a Lecturer and Researcher (Assistant Professor) at University College London where he was the Deputy Director of MSc in Strategic Management of Projects and engaged with a range of business and management teaching, research and consulting activities in the context of built environment.

Full Time Degree Education

In 2021, the London campus successfully delivered part of 12 different full-time degree awards to ~1,300 students either fully remotely or via a combination of face-to-face and hybrid teaching.

The programmes included:

- the MBA, BSc, and MiM (as federal rotational programmes);
- the MMK, MEM and MDT (as local MSc programmes with one term or semester on a sister Campus); and
- the AMIF, MLIM, and BiOP, plus three additional visiting Masters.

Part Time Degree Education

Due to the continuing lagging effect of the pandemic, the provision of Executive Masters part-time degree education was mostly driven by the EMBA programme in 2021, placing this activity as a second key area of the School's activity, a number of the School's clients further cancelling or deferring, as in 2021, their enrolment to 2022.

The two London part-time programmes (Executive Master in Energy Management (EMEM) and the Executive Master in Automation Management & Digital Transformation (EMMA)) were re-engineered for a relaunch scheduled in 2022 under a new format, more digitally engaged, and delivered in modules.

The School appointed a new associate Dean of Executive Education, Professor Marie Taillard in September 2021 with a clear objective to further develop the Executive Education activity from 2022 onwards.

Executive Education (non-degree)

Complementing the School's degree-based education, executive education interventions applied for familiar European brands such as LVMH and Savencia. These bespoke and certificated programmes combined with other non-degree-based interventions, including: short residential courses, master-classes, and company consultancy projects.

In 2021, most of the activities for non-degree executive education moved online. Some of the programmes and activities scheduled for the later part of 2021 were either cancelled or deferred by clients to 2022.

External links

In the year of account, the School has been an active member of the U.K.'s Chartered Association of Business Schools (CABS); the U.K. Parliament-Industry Trust (IPT); the French Chamber of Commerce in Great Britain (CCFGB) and

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the Italian Chamber of Commerce and Industry for the UK (ICCIUK).

London is also home to two business-facing Centres/Institutes receiving external support and funding from companies including L'Oréal and Glencore. These are: the Centre for Marketing Creativity (CMC) and the Centre for Energy Management (CEM).

Scholarship and Research

As an educational charity and an academic institution, the London campus endeavours to publish books, articles and case studies that receive attention from academics, practitioners and the general public. Highlights for 2021 include:

Publications in listed Peer-Reviewed-Journals:

- 13+ publications in ALPHA level and Category A-C PRJ journals;
- Several articles in lesser ranked and other non-ranked academic journals; and
- Several articles in professional magazines (Financial Times, Business Because, Yahoo News).

Additionally, in excess of 20 conference presentations from London faculty members took place in 2021 at national and international academic conferences including: Society for Consumer Psychology, Academy of Management, British Academy of Management, FMA Virtual European Conference, Association of Consumer Research Conference, CYGNA, Hawaii International Conference on System Sciences (Hicss), ANZMAC, FMARC, International Conference of Possibility Studies, European Accounting Association (EAA) Conference, and Interdisciplinary Perspectives on Accounting (IPA) Conference.

Other research-related outputs include:

- Book publications, book reviews, and book chapter publications;
- Guest Editorships and Positions on Editorial Boards;
- Reviews and service to scientific communities;
- Appearances in media, and posts in blogs and social media (e.g. Financial Times, LSE Business Review, The Guardian, Harvard Deusto Business Research, Yahoo Finance, Yahoo News, City AM, LinkedIn);
- Best paper award in the British Academy of Management; and
- 7 impact papers were written for the second ESCP series.

Local resource support

The operations of the London Campus are concentrated on a full-owned site in NW London providing ~4,500 sq.m. The School has been at this location since 2004. The current site has had two previous extensions and current discussions with the School's freeholder allude to a possible extension at the back of the building by 2023/24.

There has been progressive expansion in the human resource base at the School to reflect and support its growth. At the end of 2021, full-time faculty numbers are at 20, providing the core of academic support to students. This group is supplemented by over 50 affiliate and visiting faculty. More detail on staffing increases is provided in Note 7.

Just over 61 professional services staff members provide resource support and leadership in such areas as: finance, HR, marketing, data planning, IT, student services, communications and events.

With respect to its financial resources, the School in London generated in 2021 annual revenues of c. £12.6 million, without any annual operating subsidy received from the EESC (excluding rent-free subsidy). In 2021, the School self-funded its operations, relying on the existence of a letter of financial support issued by the EESC for the EESC to address any shortfall in cash or in case of a crystallisation of the USS pension deficit debt.

The School generated a consolidated loss of £1,886k at the end of the year, including an increase in the USS pension provision of £2.7m. Should the USS 2021 pension deficit adjustment not have been recognised in the accounts, the School would have generated a surplus of £0.9m, comparable to that of 2020.

At year end, the School will close the year with negative funds at £0.6m.

More information is provided in the going concern statement and in the USS pension deficit note further down in the accounts.

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Public benefit statement

The Trustees have considered the guidance on public benefit published by the Charity Commission. The Trustees believe that increasing the skills, knowledge and understanding of good business management practices provides public benefit since the subject itself is of educational merit and its dissemination through the student body will then enhance society as a whole.

The Trustees have considered ensuring that ongoing public benefit is a part of the work of the School and recognise that scholarship awards are important in helping to ensure that students who would otherwise not be able to afford the fees can access the education offered by the School. Student applications for scholarship awards are available to all those who meet the general entry requirements of the School and are made on the basis of means. The availability of scholarships is advertised on the School website. The great majority of scholarships are offered to the students at Group level. Those in the School's accounts as a scholarship expenditure are for those scholarships granted by the London entity (2021: £166k / 2020: £89k).

Since the beginning of the pandemic, the School has deployed a number of access opportunity scholarships as well as various financial discounts, payment plans and other commercial incentives allowing students to access higher education at a lower cost and to spread the payment of their tuition fees in exceptional circumstances.

In 2021, the donation from the EESC to the Charity was limited to the provision of rent-free facilities, allowing the School to provide education at a lower cost than would otherwise be possible. This has been shown as a donation and detailed in note 3.

The School welcomes students from all backgrounds. Entrance interviews are undertaken to ensure that students can cope with the pace of learning and benefit from the education provided. An individual's gender, ethnicity, race, religion or disability do not form part of the recruitment processes. The School acts as an equal opportunity organisation and is committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. The School's students regularly engage with local charities and business to support various causes (environmentally-friendly sustainability actions, provision of clothing and food to local homeless shelters) seeking to increase the impact of the School on its neighbouring community.

The School will make reasonable adjustments to meet the needs of staff or students who are or become disabled. The School is committed to safeguarding and promoting the welfare of its students and expects all staff to share this commitment.

Public Events

Despite Covid-19, in 2021 ESCP London Campus continued to organise and participate in a range of high-calibre events, open to the School's students, alumni community and external guests. These included:

- 100+ events organised online by both the School and its Student Societies, including but not limited to Big Data Club, BizTech, Finance Banking Trek, Alumnights, UNICEF UK, CheerUp cancer research fundraisers, book clubs, dance, and chess tournaments;
- Weekly online yoga classes;
- Online intercampus socials, ESCP London Rooftop "After Work" which took place every last Friday of the month to connect students, staff and faculty working remotely;
- Our third online Entrepreneurship Festival in May, which gathered more than 200 participants, students, professionals and alumni. This was followed by an intercampus Winter edition, hosted in person in November 2021;
- Online documentary screenings using an interactive platform, followed by debate, hosted by our Sustainability society;
- Various student challenges and competitions, including the NMUN NewYork 2021, L'Oréal Big Picture, FT Bocconi Challenge, 50 St Gallen Symposium, #GetActive BUCS British Universities and College Sports, and ESCP Art for Sustainability Competition;
- Energy Management Centre Invited Talks series;
- London Campus Student Awards 2021, hosted online;

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- Mindfulness and Resilience workshops; and
- Online Careers Fair.

From September 2021 we reinstated in-person events on-campus with a new Autumn Covid-19 event protocol in place approved by the senior board: mandatory masking, Lateral Flow Test prior to arrival, and NHS passports shown at the entrance as conditions of attendance.

Themed in-person parties were organised by Student Societies to resume the social aspect of student life, including a Welcome Event in September 2021 in central London which was attended by 500 students, a Halloween party in October 2021, BeerPong and Afterwork pub nights, a Welcome to London cocktail event for our visiting MSc in Biopharmaceutical Management specialisation, and a charity Christmas concert raising £1,000 for cancer research.

Cooperation with external organisations

In 2022, ESCP London Campus continues to partner with a number of recognised bodies, including:

- City University;
- The Industry and Parliament Trust;
- The Chartered Association of Business Schools;
- The French Chamber of Commerce in Great Britain;
- The French Institute;
- The Franco-British Council; and
- The Italian Chamber of Commerce.

Related Parties

Related parties include the trading entity, ESCP Europe Corporate Services Ltd, the EESC ESCP Europe, and the other ESCP Europe campuses.

In 2021 which was a transition year between two UK Deans, the Charity paid £164k in costs pertaining to the former UK Dean /new Federal Executive Vice-President (“EVP”) for Corporate Relations & Executive Education from early June 2021 until the end of the calendar year. It is anticipated that the EVP costs will be not be recharged in full to the EESC from 2022 onwards either, each of ESCP sister campuses (excluding Paris), bearing their share of Federal costs for an amount ranging from €0.3m to €0.8m each a year.

In addition to the related parties mentioned above, there are two further related parties.

ESCP Europe Foundation

The ESCP Europe Foundation was created by ESCP Alumni in 2005 and is a French registered charity. The Foundation supports ESCP Europe in sustaining its academic excellence and leadership, in particular in the key strategic areas such as promotion of social diversity, development of projects aiming at increasing competitiveness and innovation in France and abroad and implementation of innovative teaching methods.

To achieve its ambitions and financial targets, the Foundation seeks to raise contributions from corporate sources and Alumni via several fundraising campaigns. In 2021, the Foundation raised over £39k through the Charity on behalf of other campuses. All sums not specifically attributed to the London campus were payable to the Foundation at 31 December 2021.

The ESCP Europe Alumni Organisation

The ESCP Europe Alumni Organisation is a separate legal entity from the Business School itself. It is independent of the School and therefore is not consolidated into these financial statements. From a global population of c. 50,000 alumni worldwide, there are some 2,400 alumni in the UK. The School engages with them regularly through receptions, conferences, invitations to talk to students and to support students in finding internships and company projects.

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Performance of the Charity

The quality of ESCP Business School's higher education is recognised annually in the Financial Times Business Education Rankings. The School's flagship Master in Management programme is consistently ranked in the top ten in the world, and ESCP Europe is ranked in the top five business schools in five of its six campus countries: United Kingdom, France, Germany, Spain and Italy.

In context and rather paradoxically, 2021 was another successful year for the Charity in terms of academic and financial performance (exception made of the 2021 mandatory USS pension deficit adjustment) thanks to the School's ability to continue most of its teaching online for the first half of the year and to later deliver face-to-face teaching whilst safely operating at highest levels in a lagging pandemic to the greater satisfaction of students and staff.

Executive revenues for Executive masters and Bespoke Executive Education were much affected by the consequences of clients cancelling or postponing their contract but 2021 was put at best use re-developing the current portfolio of Executive Masters due to relaunch in 2022 and re-thinking the delivery methodology for executive masters, switching from one year-long programme – on a part-time basis - to stackable micro-modules combinable upon demand and leading ultimately to a degree with the School.

The Charity's trading subsidiary, ESCP Europe Corporate Services Ltd, produced an operating surplus for the year of £105k before a gift aided donation of the same amount to the Charity at year end (2020: £74k). Some business opportunities were again cancelled in 2021 or deferred to 2022 due to the implications of COVID-19 pushing some corporate partners to postpone and reschedule the commissioning of Bespoke Executive Education at a later stage in 2022.

A new cohort of the three-year European Bachelor in Management was taught at the School from the beginning of the new academic year with a record number of students hitting the grounds of the London campus early September 2021 with 321 students (2020: 309 students). These students were taught via a combination of onsite and remote teaching for the first term.

Having considered the level of the financial loss derived by the School at the end of the year after adjusting the pension deficit provision to £4.1m, the Trustees will rely on the letter of financial support from the EESC to conclude that the Charity is a going concern for the period of 12 to 18 months after the date of signing of the accounts.

In particular, the Trustees rely on the continuing commitment from its Federal Centre to cover any future USS liability and increase of the School's pension deficit. The Trustees also recognise the Federal Centre commitment to provide continued support to the School in the event of fluctuations in its performance in future.

Notwithstanding the impact on the 2021 account of the USS pension deficit adjustment (non-cash item), the Trustees are satisfied with the results of the Charity in 2021. This is a) in the context of continuing financial support from the EESC ESCP Europe covering a period of 12 months from the date of signing of the 2021 accounts and b) on the levels of cash flows available and the possibility for the School to access, from its Federal centre, sufficient financing and cash to meet its liabilities over the next 12 to 18 months.

Development objectives

In line with its strategic priorities, the School will continue to develop and execute its academic and business plans. Significant development objectives for 2022 include:

- The introduction of new specialisations on the flagship Master in Management (MiM).
- The development of near- and long-term digital delivery strategies for all awards.
- The digitalisation of student learning and experience with focus on curricula, pedagogy, and service offers.
- Advancement of preparations for teaching degree awarding powers and associated reviews.
- The strengthening of executive education and corporate activity, pertaining to the Charity (Executive Masters) and its trading entity.

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- The modernisation and extension of Campus facilities, alongside significant estate maintenance activities (as commissioned by the EESC).

The School continues to aim to:

- strengthen recruitment for its full programme suite.
- build up a first-class Faculty and affiliate Faculty.
- consolidate the School's areas of research expertise
- encourage new areas of enquiry linked closely to its degree/specialisation offer.
- promote and advance teaching excellence in alignment with the learning goals and mission of ESCP Europe.

Reserves policy

Total unrestricted funds at the end of the current year were negative -£589,526 due to the impact of the USS pension deficit adjustment in 2021 (2020: +£1,276,702). Since the end of 2015, the School does not hold any restricted funds in its accounts.

In 2021 the London campus generated a financial loss of £1,886k (2020: surplus of £1,080k) after registering an increase in its 2021 pension deficit provision of £2.7m due to the effects of the USS March 2020 actuarial valuation. No matching asset was provided by the EESC in 2021.

As of 31 December 2021, the level of donation from the EESC remains limited to the provision of the free-rent facility of £615k consistent with the rateable value of the site.

Since January 2018 letters of financial support were received from the EESC ESCP Europe, which confirmed that the EESC ESCP Europe would give the School further financial support in the case of a temporary cash requirement for a duration of at least 18 months from the date of signature of the financial statements. In the light of the 2020 results, no letter was issued as part of the December 2020 closing.

In 2021, the EESC ESCP Europe confirmed that it would provide the support again in a context of a growing USS pension deficit in 2021 and possible additional increases in future years. Further assurance that the School is a going concern was provided in the form of a 10-year plan (2022-2032) providing a longitudinal view of the expected cash flows during the period, assuming moderate headcount increases and developments of the current site.

Key management personnel and remuneration policy

The School's Senior Management Board (SMB) constitutes the grouping of key management personnel of the School.

This group consists of the Dean of Campus, Directors, Associate Directors and Heads of professional services and our senior faculty representatives (x3). The number of people included within key management in 2021 was 12 (2020: 10).

Within this group, the Dean and professional services staff are subject to annual pay review via the School's Reward and Remuneration Committee (RRC). A number of criteria are used for setting or revising compensation such as, but not limited to, the nature of the role and responsibilities of each individual, average salaries for comparable positions across the sector, and the trend in pay in recent years. Annual performance reviews may result in the award of performance-based bonuses, salary increments, and/or grade modifications. Note 7 provides details of the remuneration components of the UK Dean.

The senior faculty representatives are subject to the faculty performance evaluations applicable to all faculty with the exception of the Campus Dean. This process is governed locally by the Campus Faculty Advisory Committee (CFAC).

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Financial review and results for the year

On a consolidated basis, the total revenues of the School in 2021 have increased from £11.4m in 2020 to £12.6m in 2021. This was primarily due to higher numbers of students in the BIM and shared master programmes which compensated, overall, the net decrease in the turnover received from Executive Education business lines. The Executive Education activity was indeed deeply affected by the impact of Covid in 2021, a great proportion of Executive Education clients having either cancelled or postponed their contracts with the School to 2022.

The level of operational donation from the EESC, excluding rent, amounted to £nil in 2021 (2020: £nil). The provision of rent-free premises from the EESC is recognised as a gift in kind of £615k (2020: £615k). The increase of the USS pension provision at year end for £2.7m was fully absorbed by the School in 2021 with no matching asset provided by the EESC.

The evolution of the EESC subsidies between 2021 and 2020 are reported in the Statement of Financial Activities and in note 3 to the accounts.

The expenditure for the year totalled £14.4m for 2021 (2020: £10.3m) with the variance primarily due to increased USS pension deficit provision.

The net consolidated result for the year is a net loss of £1,886k (2020: surplus of £1,080k) after transfer of the gift-aided donation from ESCP Europe Corporate Services Limited to the Charity for £105k (2020: £74k).

In 2021, an increase in the USS pension deficit provision of £2.7m was made to reflect the on-going increase of the pension deficit funding contributions underlying the value of the pension deficit of the School. At 31 December 2021, the value of the deficit in the statutory accounts is £4.1m. At the time of this report, the School is waiting for the conclusion of the negotiation of USS Trustees and USS Joint Negotiating Committee which could see the need for additional increase in the level of the pension deficit provision under revised assumptions ("LEG2").

Going concern

The Board has carefully assessed whether the School is a going concern in reference to its financial position and performance as outlined in the financial review. Particular note has been taken to ensure the assessment is proportionate to the size and level of financial risk and complexity of the organisation and to reflect upon the experience of operating during the Covid-19 pandemic. In addition to the analysis of the current financial position, the School prepared a 10-year plan (2022-2032) highlighting the progressive return to positive equity, using realistic headcount and investment assumptions for the period.

As of 31 December 2021, the School has net current assets of £2.7m, a positive balance of cash of £2.9m and a small level of external borrowing of £0.1m. Long-term liabilities of £4.2m relate to the greater extent to the USS pension deficit provision which is not expected to crystallise in the near future (non-cash item).

Sources of income for the year ahead will be secured through 1/ a growing flow of students recruited at Federal level and sent to the London campus; 2/ a sustained recruitment of students for the local masters; and 3/ an increased activity of the executive education picking up levels comparable with those of 2019. On that basis, the cash flow forecast for the next 18 months reveals positive cash balances throughout the period.

The statement of the Board responsibilities; the description of the organisation management; and the review of internal controls summarise the arrangements the School has in place for the identification and management of risk.

Taking the above into account, the Trustees have a reasonable expectation that adequate resources exist to continue operations for the foreseeable future and the going concern basis continues to be appropriate for preparing the annual financial statements.

ESCP Europe Business School

Trustees' Report incorporating Strategic Report

Independent Auditors

Each of the persons who is a trustee at the date of approval of this report confirm that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Trustees on 29th March 2022 and signed on behalf of the Board.

David Gold



Chairman of the Board of Trustees

19th April 2022

ESCP Europe Business School

Trustees' responsibilities statement

The Trustees (who are also directors of ESCP Europe-Business School for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2019 version);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of ESCP Europe Business School

Report on the audit of the financial statements

Opinion

In our opinion, ESCP Europe Business School's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's incoming resources and application of resources, including its income and expenditure, gains and losses, changes in reserves and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheets as at 31 December 2021; the Consolidated statements of financial activities (incorporating consolidated income and expenditure statement), and the Consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group's and the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and company's ability to continue as a going concern.

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

Independent auditors' report to the members of ESCP Europe Business School (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 group's and company'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 and company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Independent auditors' report to the members of ESCP Europe Business School (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and relevant regulations made or having an effect thereunder including The Charities (Accounts and Reports) Regulations 2008 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements such as the Companies Act 2006. We evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), by the trustees and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements and determined that the principal risks were related to the posting of inappropriate journals to increase revenue and management bias in accounting estimates. Audit procedures performed included:

- Evaluating management's controls designed to prevent and detect irregularities.
- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations.
- Challenging assumptions and judgements made by management in significant account estimates, including the USS pension accounting.
- Testing unusual or unexpected journal entries, particularly those impacting revenue.

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 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the company for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation.

Under the Office for Students' Accounts Direction, we are required to report to you if we have anything to report in respect of the following matter:

- The company's fee income, as disclosed in note 4b to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Companies Act 2006 exception reporting

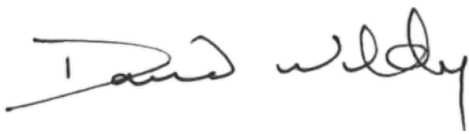
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or

Independent auditors' report to the members of ESCP Europe Business School (continued)

- adequate accounting records have not been kept by the company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



David Wildey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 April 2022

ESCP Europe Business School

Consolidated statement of financial activities (including consolidated income and expenditure account) Year ended 31 December 2021

	Note	Unrestricted Funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income				
Donations	3	615,000	615,000	615,000
Charitable activities				
Student fees	4	10,265,331	10,265,331	8,903,690
Other educational income	5.a	1,532,899	1,532,899	1,327,144
Investment income		5,811	5,811	329,397
Other income	5.b	140,200	140,200	191,150
Total income		<u>12,559,241</u>	<u>12,559,241</u>	<u>11,366,381</u>
Expenditure				
	6	<u>(14,425,469)</u>	<u>(14,425,469)</u>	<u>(10,286,852)</u>
Total expenditure		<u>(14,425,469)</u>	<u>(14,425,469)</u>	<u>(10,286,852)</u>
Net (outcome) / income for the year		<u>(1,866,228)</u>	<u>(1,866,228)</u>	<u>1,079,530</u>
Net movement in funds		<u>(1,866,228)</u>	<u>(1,866,228)</u>	<u>1,079,530</u>
Reconciliation of funds				
Total funds brought forward		1,276,702	1,276,702	197,172
Net movement in funds for the year		<u>(1,866,228)</u>	<u>(1,866,228)</u>	<u>1,079,530</u>
Total funds carried forward	16	<u>(589,526)</u>	<u>(589,526)</u>	<u>1,276,702</u>

There were no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derive from continuing activities.

ESCP Europe Business School

Balance sheets as at 31 December 2021

		Group		Company	
		2021	2020	2021	2020
	Note	£	£	£	£
Fixed assets					
Tangible assets	8	891,053	742,035	891,053	742,035
Investments	9	-	-	1	1
		<u>891,053</u>	<u>742,035</u>	<u>891,054</u>	<u>742,036</u>
Current assets					
Debtors	10	3,102,762	3,821,876	3,197,717	3,939,156
Cash at bank and in hand		3,180,503	2,096,945	2,917,360	1,846,511
		<u>6,283,265</u>	<u>5,918,821</u>	<u>6,115,077</u>	<u>5,785,667</u>
Creditors: amounts falling due within one year	11	<u>(3,545,804)</u>	<u>(3,791,907)</u>	<u>(3,377,618)</u>	<u>(3,658,755)</u>
Net current assets		<u>2,737,461</u>	<u>2,126,914</u>	<u>2,737,459</u>	<u>2,126,912</u>
Total assets less current liabilities		<u>3,628,514</u>	<u>2,868,949</u>	<u>3,628,513</u>	<u>2,868,948</u>
Provision for pension scheme liability	12.a	(4,078,421)	(1,402,615)	(4,078,421)	(1,402,615)
Creditors: amounts falling due after one year	12.b	<u>(139,619)</u>	<u>(189,632)</u>	<u>(139,619)</u>	<u>(189,632)</u>
Net (liabilities) / assets		<u>(589,526)</u>	<u>1,276,702</u>	<u>(589,527)</u>	<u>1,276,701</u>
Funds					
Unrestricted funds:					
- General fund		<u>(589,526)</u>	<u>1,276,702</u>	<u>(589,527)</u>	<u>1,276,701</u>
Total funds	16	<u>(589,526)</u>	<u>1,276,702</u>	<u>(589,527)</u>	<u>1,276,701</u>

The net result of the parent Charity for the year for Companies Act purposes is a loss of £1,866k in 2021 (2020: surplus of £1,080k). As permitted by section 408 of the Companies Act 2006, no separate Statement of Financial Activities is presented in respect of the parent Charity.

The accounts have been prepared in accordance with the provisions applicable to companies' subject to the small companies' regime and in accordance with the Financial Reporting Standard 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The notes on pages 24 to 45 form an integral part of these financial statements.

The financial statements of ESCP Europe Business School, registered number 1876779, were approved and authorised for issue by the Directors on 29th March 2022.

Signed on behalf of the Board of Directors

Trustee/Director
David Gold
19th April 2022

Trustee/Director
Frank Bournois
19th April 2022

ESCP Europe Business School

Consolidated cash flow statement Year ended 31 December 2021

	Note	Total funds 2021 £	Total funds 2020 £
Net cash flows generated from operating activities	18	1,575,978	1,260,603
Cash flows from investing activities			
Purchase of property, plant and equipment		(442,408)	(340,201)
Cash flows from financing activities			
EESC financing loan		(50,012)	(50,013)
Net increase in cash and cash equivalents		1,083,558	870,389
Cash and cash equivalents at beginning of the year		2,096,945	1,226,556
Cash and cash equivalents at the end of the year		<u>3,180,503</u>	<u>2,096,945</u>

Cash and cash equivalents comprise of cash at bank, cash in hand and revaluation adjustment of the Euros denominated accounts at year end.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

1. Accounting policies

Basis of accounts preparation

The financial statements have been prepared under the historical cost convention in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2019 revised version)” applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), FRS102 including Section 1A; and the Companies Act 2006 and the OfS Accounts Direction.

The Charity is a public benefit entity as defined by FRS102.

The functional currency of ESCP is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The presentation currency is pounds sterling.

ESCP Europe Business School meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

The group financial statements consolidate the financial statements of the Charity and its subsidiary undertaking, ESCP Europe Corporate Services Ltd drawn up to 31 December every year. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

After making enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue its activity for the foreseeable future. Accordingly, the Trustees continue to adopt the going concern basis in preparing the financial statements. The Trustees’ position is relying on the existence of a letter of financial guarantee provided by the EESC at the time of the sign-off of the statutory accounts. Indeed, the Charity does not have sufficient cash reserves to settle its liabilities, is loss making and has net liabilities as of at 31 December 2021. More information on the going concern assumption is given on page 14 in the Trustees’ report.

These accounts include the results of the subsidiary ESCP Europe Corporate Services Ltd. The results of this subsidiary are consolidated on a line-by-line basis. A separate statement of financial activities has not been presented for the charity alone. For 2021, the income for the Charity was £12,449k (2020: 11,125k) and result for the year was a loss of £1,886k (2020: surplus of £1,080k).

Donations

The EESC ESCP Europe did not provide any operational subsidy to the Charity to cover the net excess of expenditure over income during the year.

In 2021, the EESC donation was limited to providing rent-free facilities to the School, recognised at the Trustees’ best estimate of the value of such facilities. In 2021, this was estimated at £615k (2020: £615k) and recorded as a donation in the SOFA (Note 3), with a matching expenditure.

Student fees and other educational income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Income is deferred when it is received in advance for services to be provided in following periods.

Other income

For the first half of 2021 and until the signature of the new lease, the Charity continued to carry out works on behalf of its Freeholder (the EESC) under the parameters of an Indemnity Deed, terms of which were superseded by the terms of the new lease. The Indemnity Deed stipulated the conditions under which the Charity was entitled to act on behalf of the Freeholder for any works which fell under the remit of the Freeholder (repairs and essential maintenance of the roofs, façades, windows and/or any other part of the main fabric of the building). Any costs incurred on behalf of the Freeholder were pre-validated by the Freeholder, contracted and paid by the Charity and recharged to the Freeholder at cost.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

1. Accounting policies (continued)

Other income (continued)

In 2021, a new lease was signed between the EESC and the Charity, assigning building repairs to the Charity upon a) a defined split of works arranged by the EESC and b) an allocation of costs to be absorbed by the Charity contingent to the Charity having the financial capacity to absorb such works. Under the new terms of the lease, no more recharges will be made to the Freeholder for any essential repairs assigned to the Charity by the Federal Estate team.

Expenditure

Expenditure is accounted for on an accrual's basis. Support costs, which are overhead and other costs not directly attributable to particular functional activity categories, are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year, either by reference to staff time or space occupied, as appropriate. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs associated with constitutional and statutory requirements and include external audit fees and any legal advice for the Trustees.

Foreign currency transactions

Foreign currency exchange conversion is made at the rate ruling at the time of the transaction, or for balance sheet items at the average rate of the previous month using HMRC's website.

Fund accounting

Unrestricted funds – these are funds available to be used in accordance with the School's charitable objects at the discretion of the Trustees.

Tangible fixed assets

The freehold of the premises occupied by the Charity is owned by the EESC-ESCP Europe.

Tangible fixed assets are stated at cost less depreciation. The rates of depreciation of capital assets are as follows:

Office furniture and equipment	-	straight-line between three to five years
IT equipment	-	straight-line over three years
Freehold improvements	-	straight-line over five years for general upgrade
	-	straight line over fifteen years for structural upgrade (roofs, facades)

Pension scheme

The School participates in Universities Superannuation Scheme (USS). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits.

The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The School is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As required by Section 28 of FRS102 "Employee benefits", the School therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the SOFA represents the contributions payable to the scheme. Since the School has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the School recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The latest actuarial valuation was carried out in March 2020 for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

1. Accounting policies (continued)

Pension scheme (continued)

Further information about the latest actuarial valuation of the Scheme is provided in note 12.a to the accounts.

The School's pension deficit liability at the end of 2021, based on the new USS repayment plan pertaining to the latest March 2020 actuarial valuation ("LEG1"), refers to the present value of deficit funding contributions that are committed to under a new schedule of contributions and a new recovery plan. At 31 December 2021, the value of the deficit as shown in the accounts is £4,078k (2020: £1,403k) (see note 12). The new schedule of contributions is due to last until 2038 therefore the amount provided will be payable through normal pension contributions over that period. A discount rate of 1.07% (2020: 0.28%) and a salary inflation of 2.3% (2020: 2%) were actuarial factors used in the calculation of the revised pension deficit of the School end of 2021.

At 31 December 2021 the School had 78 active members participating in the scheme (2020: 75). The contribution rate payable by the institution was an average 20.22% of pensionable salaries.

During 2021, the total USS contributions paid by the School amounted to £638,266 (2020: £594,859) with a balance sheet liability of £6,470 at year end (2020: £89,924).

Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis. See note 17.

Tax

As a registered charity, the School is exempt from corporation tax under the Corporation Tax Act 2010 or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes. No corporation tax charge has arisen in the School's subsidiary due to its ability to off-set its liability against previous year losses (2020: £nil).

Financial instruments

Financial assets and financial liabilities are recognised when the School becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company 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.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations, the Trustees have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Key management judgement is applied in the processing of accounting journals, preparation of the accounting estimates and accounting for significant or unusual transactions. Management ensures that there is a limited risk of override of controls through the implementation and careful monitoring of internal financial controls, clear segregation of duties and qualitative explanations provided to support the business rationale where significant transactions are of an unusual nature.

Accounting judgement

The Trustees acknowledge that the School derives the great majority of its income from student fees for courses and from the donation from the EESC. In doing so, the main judgement surrounding income recognition is relating to the cut-off date, specifically for students whose programmes span across two calendar years. In making this judgement, management use the student course timetable to allocate revenues to the appropriate accounting period.

Accounting estimates

- Valuation of donated rent-free facilities

With regards to the valuation of the donated gift in kind pertaining to the rent of the site, the Trustees use reference to the rateable value of the site as defined by the Camden Borough as the best estimate of what they would be willing to pay for the use of the site. This estimate, due to its variable nature, can change the value recognised in and out of the financial statements each year.

- USS pension deficit provision

The calculation of the provision for pension deficit funding is based on the pension fund modellers provided to the School, using assumptions taken by USS Trustees. The School's estimates relate to salary increases, the percentage of future staff changes in the scheme and the discount rate. Section 12.a of the notes to the financial statements provides more information on the estimates used at 31 December 2021.

In 2021, the School used a new model from USS integrating the new actuarial assumptions pertaining to the March 2020 actuarial valuation and recovery plan. Using this model, the School revised the assumptions related to the salary increases and discount rate, thus adjusting the overall value of the pension deficit in the statutory accounts by increasing the pension deficit provision by £2.7m. This adjustment was absorbed in full by the Charity in 2021 with no EESC matching asset being posted to the accounts to neutralise the effect of such adjustment on the net equity of the School. Note 12.a to the accounts provides more details about the actuarial assumptions taken for the purpose of the adjustment of the pension deficit in 2021.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

3. Donations

	2021 £	2020 £
Rent-free donation for the year	615,000	615,000
	<u>615,000</u>	<u>615,000</u>

4.a Student fees

	2021 £	2020 £
Masters' qualifications (full-time degrees)	7,424,814	6,104,094
Bachelor in Management (full-time degree)	2,740,605	2,710,421
Application fees	99,912	89,175
	<u>10,265,331</u>	<u>8,903,690</u>

4.b Details of fee income

	2021 £	2020 £
Fee income for taught awards (exclusive of VAT)	10,929,301	9,451,790
Fee income for research awards (exclusive of VAT)	143,400	171,974
Fee income from non-qualifying courses (exclusive of VAT)	371,983	303,576
	<u>11,444,684</u>	<u>9,927,340</u>

5.a Other educational income

	2021 £	2020 £
Income from funded research	143,400	171,974
Executive education income (part-time degrees)	950,207	788,496
Seminars and conferences	70,920	48,158
Job Retention Scheme / Furlough income	19,544	82,077
Other educational income	348,828	236,439
	<u>1,532,899</u>	<u>1,327,144</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

5.b Other income

	2021 £	2020 £
Expenses recharged to clients	70,027	48,882
Reimbursement of Freeholder's costs	52,306	85,464
Other miscellaneous income	17,867	56,804
	<u>140,200</u>	<u>191,150</u>

6. Expenditure

Charitable expenditure

	Staff costs £	Depreciation £	Direct costs £	Support costs £	Total £
2021					
Charitable activities	<u>9,153,159</u>	<u>293,390</u>	<u>4,156,993</u>	<u>821,927</u>	<u>14,425,469</u>
2020					
Charitable activities	<u>6,190,299</u>	<u>264,014</u>	<u>3,412,504</u>	<u>420,035</u>	<u>10,286,852</u>

Direct costs

Direct costs consist of:

	2021 £	2020 £
Personnel recharged	769,525	800,177
Premises	1,073,582	1,063,171
Administration of the School	717,491	387,653
Marketing and recruiting	1,096,107	899,938
Release of EESC pension debtor for the year	40,181	-
Other	460,107	261,565
	<u>4,156,993</u>	<u>3,412,504</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

6. Analysis of total expenditure (continued)

Support costs

Support costs consist of:

	2021	2020
	£	£
Finance – foreign exchange loss	289,654	15,936
Information technology	262,672	217,142
Governance costs	269,601	186,957
	<u>821,927</u>	<u>420,035</u>

Governance costs includes:

	2021	2020
	£	£
Legal and professional fees	51,926	48,915
Statutory fees (UCAS, QAA and CLA)	217,675	138,042
	<u>269,601</u>	<u>186,957</u>

Included in expenditure are the following:

	2021	2020
	£	£
Fees payable to the company's auditor for the audit of the company's accounts (inc. VAT)	51,732	33,840
Non-audit fees paid to the company's auditors (inc. VAT)	-	3,000
Fees payable to the company's auditor for the audit of the subsidiary's accounts (inc. VAT)	3,968	3,780
Depreciation	293,390	264,014
Operating lease rentals: plant & equipment	64,511	61,773

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

7. Analysis of staff costs

	2021	2020
	£	£
Wages and salaries	4,251,365	4,012,920
Social security costs	540,684	497,533
Pension costs	638,266	594,859
Net USS pension deficit adjustment	2,675,806	141,206
	<u>8,106,121</u>	<u>5,246,518</u>
Teaching fees invoiced	598,839	521,801
Temporary administration	173,503	212,751
Staff welfare costs	149,266	151,806
Recruitment and staff training costs	67,071	51,247
	<u>9,094,800</u>	<u>6,184,123</u>
Personnel recharged by ESCP EUROPE Paris	58,359	6,176
	<u>9,153,159</u>	<u>6,190,299</u>

The average monthly number of employees during the year was 128 (2020: 121) made up as follows:

	2021	2020
	No.	No.
Teaching	62	56
Administration	58	57
Student workers	8	8
	<u>128</u>	<u>121</u>

The Trustees did not receive any remuneration during the year (2020: £nil). No Trustee (2020: none) received any reimbursement for travel costs during the year.

In 2021, the School took advantage of the Furlough Scheme implemented by the government. A total of £19,544 (2020: £82,077) was received from HMRC and reported under other educational income at the end of the year.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

7. Analysis of staff costs (continued)

The number of employees, excluding the UK Dean, employed by the School during the year whose basic salary is above £100k is:

	2021 No.	2020 No.
£100,000 - £104,999	3	-
£105,000 - £109,999	-	1
£110,000 - £114,999	1	2
£115,000 - £119,999	1	-
£120,000 - £124,999	1	-
£125,000 - £129,999	1	-
£130,000 - £134,999	-	1
£135,000 - £139,999	-	-
	<u>7</u>	<u>4</u>

In accordance with the OfS Accounts Direction, this data does not include any staff who joined or left during the year.

Emoluments of the UK Dean of the School

The UK Dean's complex set of responsibilities calls for a particular combination of qualities including strategic thinking and leadership, people management, problem solving and decision-making. These demonstrated competences and the Dean's effective market value as an experienced HE leader with both U.K. and European experience, are factors in determining the UK Dean ongoing remuneration.

The UK Dean's performance objectives for the year are set by the Executive President of the ESCP Group on the advice of the remuneration committee of the School at the beginning of the calendar year. The Chair of the Board of Trustees / the Executive President of the ESCP Group undertake an annual performance review of the UK Dean against the objectives, the results of which are reported to the Remuneration Committee. The Committee uses this information as the basis for assessing progress against agreed outcomes at the end of the year.

Professor Simon Mercado served as the School's UK Dean until 7th June 2021; and Professor Kamran Razmdoost served as the School's UK Dean since then.

Professor Kamran Razmdoost joined ESCP Business School in 2017 as an Associate Professor of Marketing. He acted as the Director of MSc in Marketing and Creativity, ranked the 5th marketing master globally. Prior to joining ESCP, Professor Razmdoost was a Lecturer and Researcher (Assistant Professor) at University College London where he was the Deputy Director of MSc in Strategic Management of Projects and engaged with a range of business and management teaching, research and consulting activities in the context of built environment. Kamran Razmdoost holds a PhD in Marketing from Cranfield School of Management and completed his MSc in Strategic Marketing at Cranfield School of Management, MBA at Sharif University of Technology and BSc in Mechanical Engineering at KNT University of Technology.

Kamran Razmdoost's research is broadly focused on the emergence of service ecosystems through institutional change. Conceptually he looks at the dynamics of boundaries in such emergence and empirically he has been investigating business relationships, more recently with a focus on social enterprise-corporate relationships. Kamran Razmdoost has a strong network of collaborator across the UK and globally. He has taught consumer value, brand activism and strategic marketing on a number of postgraduate and executive development programmes.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

7. Analysis of staff costs (continued)

Prior to his academic career, Kamran Razmdoost acted as project risk manager, contract negotiator, management system auditor, project manager, department head and health and safety engineer mainly in the Oil, Gas and Petrochemical sector.

Details of the emoluments of Professor Simon Mercado and Professor Kamran Razmdoost as UK Deans are given below:

Emoluments of the UK Dean, Professor Simon Mercado

	2021	2020
	£	£
Basic salary	60,798	144,471
Pension contributions	13,302	30,483
Performance-related pay and other bonuses	14,789	14,400
Other taxable benefits		
- Subsidised accommodation	7,450	10,187
Non-taxable benefits		
- Living accommodation	1,085	2,368
	97,424	201,909

The amounts disclosed above for 2021 cover the period 1st January 2021 to 6th June 2021. Salaries are stated gross, before deductions of pension contributions made under the School's pension plan.

The UK Dean is regarded as carrying representative status and is required, in accordance with his contract of employment, to live in School provided accommodation for more effective performance of his duties. The flat previously occupied by Professor Mercado was part of the legacy of former students' residence area and was made up of two former bedrooms joined up and refreshed cosmetically in 2015 before the Dean's arrival at the School. From this aspect, it does not represent a cost to the School's general funds. It is reported at the estimate annual income (net of costs) it could generate if let on the open market.

Emoluments of the UK Dean, Professor Kamran Razmdoost

	2021	2020
	£	£
Basic salary	55,343	-
Pension contributions	11,748	-
Performance-related pay and other bonuses	6,739	-
	73,830	-

The amounts disclosed above for 2021 cover the period 7th June 2021 to 31st December 2021. Professor Kamran Razmdoost did not occupy the former UK Dean flat since the beginning of his tenure, hence no subsidised and living accommodation benefits being recognised in the table above.

Salaries are stated gross, before deductions of pension contributions made under the School's pension plan.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

7. Analysis of staff costs (continued)

OfS pay ratios

The Accounts Direction from OfS defines two pay ratios to be included in the financial statements: a basic salary ratio and a total remuneration ratio.

The basic salary ratio is defined as: the UK Dean salary / the median salary of the whole workforce.

The total remuneration ratio is defined as: the UK Dean total remuneration including both taxable and non-taxable benefits / the median total remuneration of the whole workforce, including taxable benefits.

For both of these ratios, the figures below include all academic and non-academic staff and include all employees who are required to be included in real-time reporting to HMRC. This is in line with the OfS Accounts Direction.

OfS pay ratios for the UK Dean, Professor Simon Mercado

The ratio of Professor Mercado's basic salary, so defined, to that of all staff is 4.01 times (£145,916 / £36,377) the median pay of all staff for 2021 (3.79 times for 2020), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the School to its staff.

The ratio of Professor Mercado's total remuneration, so defined, to that of all staff is 4.6 times (£159,877 / £37,197) the median total remuneration of all staff for 2021 (5.13 times for 2020), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of all of School's staff.

Ancillary expenditures included the provision of housecleaning for a total of £1,085 (2020: £2,368).

OfS pay ratios for the UK Dean, Professor Kamran Razmdoost

The ratio of Professor Razmdoost's basic salary, so defined, to that of all staff is 2.61 times (£94,873.01 / £36,377.06) the median pay of all staff for 2021 (nil for 2020), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the School to its staff.

The ratio of Professor Razmdoost's total remuneration, so defined, to that of all staff is 3.30 times (£122,885.98 / £37,196.90) the median total remuneration of all staff for 2021 (nil for 2020), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration of all of School's staff.

No ancillary expenditures were allocated to Professor Razmdoost in the context of any on-site accommodation.

Key management personnel remuneration (including pension contributions but excluding employer's NIC) in 2021 was £1,364,597 (2020: £1,103,388) in relation to 12 (2020: 10) staff members. Total employer's NIC paid in respect of key management personnel of the Charity for the year totalled £152,072 (2020: £119,507.47). No compensation for loss of office was paid to any key management personnel in 2021. The key management personnel are defined on page 13.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

8. Tangible assets

Group and Company

	Freehold Improve- ments £	IT equipment £	Office furniture and equipment £	Total £
Cost				
At 1 January 2021	735,965	495,555	104,963	1,336,483
Additions	430,863	7,193	4,352	442,408
Disposals	(58,862)	(18,338)	(11,934)	(89,134)
At 31 December 2021	<u>1,107,966</u>	<u>484,410</u>	<u>97,381</u>	<u>1,689,757</u>
Accumulated depreciation				
At 1 January 2021	328,722	223,412	42,314	594,448
Charge for year	135,441	139,220	18,729	293,390
Disposals	(58,862)	(18,338)	(11,934)	(89,134)
At 31 December 2021	<u>405,301</u>	<u>344,294</u>	<u>49,109</u>	<u>798,704</u>
Net book value				
At 31 December 2021	<u>702,665</u>	<u>140,116</u>	<u>48,272</u>	<u>891,053</u>
At 31 December 2020	<u>407,243</u>	<u>272,143</u>	<u>62,649</u>	<u>742,035</u>

All assets are held for charitable purposes. The Trustees carry out impairment reviews when events or changes in circumstances indicate the need for such a review.

9. Investments

Company

	2021 £	2020 £
Investment in trading subsidiary	<u>1</u>	<u>1</u>

The School's Trading subsidiary, ESCP Europe Corporate Services Limited, carries out executive education and funded studies. Its company number is 07468929 and it is incorporated in the United Kingdom. The Company's objects are:

- to carry on business in executive education, training and conductors and commissioners of research;
- to make donations (whether by way of gift aid or otherwise), and/or to provide other forms of support to the School; and
- to promote the interests of the School in the global corporate business environment.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

9. Investments (continued)

The subsidiary had the following results in the year:

	2021 £	2020 £
Turnover	375,789	414,322
Expenditure	(270,691)	(339,883)
Profit before gift aid to the parent company	105,098	74,439
Gift aid	(105,098)	(74,439)
Profit after gift aid to the parent company	-	-
Assets	471,903	358,190
Liabilities	(471,903)	(358,190)
Net liabilities	-	-

10. Debtors

	2021		2020	
	Group £	Company £	Group £	Company £
Trade debtors	1,497,199	1,204,354	2,049,252	1,892,002
Prepayments and accrued income	328,586	440,254	460,515	538,319
Other debtors	55,749	28,166	50,700	22,389
Amounts due from subsidiary undertaking	-	198,617	-	150,598
Donation gift-aided by subsidiary undertaking	-	105,098	-	74,439
EESC debtor (pension liability commitment)	1,221,228	1,221,228	1,261,409	1,261,409
	<u>3,102,762</u>	<u>3,197,717</u>	<u>3,821,876</u>	<u>3,939,156</u>

The EESC debtor as represented in the table above (2019: £1,261k) was capped in 2019 and represented the value of the pension deficit as recorded in the Charity's accounts at the time. The commitment from the EESC to fund any additional deficit arising from subsequent USS actuarial valuations has been formalised since then in the form of a letter of financial guarantee issued by the EESC to the Charity. No further adjustment to the value of the EESC pension-related debtor takes place each year other than the net effect of the reduction of the asset linked to the deficit contributions paid during the year and the unwinding of the discount factor for the same year.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

11. Creditors: amounts falling due within one year

	2021		2020	
	Group £	Company £	Group £	Company £
Trade creditors	334,936	182,501	402,905	271,315
Taxation and social security	166,624	166,624	152,393	152,393
Other creditors	52,550	52,550	125,189	125,189
Accruals and deferred income	2,627,760	2,612,009	3,111,420	3,109,858
EESC current account	363,934	363,934	-	-
	<u>3,545,804</u>	<u>3,377,618</u>	<u>3,791,907</u>	<u>3,658,755</u>

	2021		2020	
	Group £	Company £	Group £	Company £
Reconciliation of movement in deferred income				
Balance brought forward	2,900,285	2,820,920	1,272,148	1,135,148
Amount released to SOFA during the year	(2,900,285)	(2,820,920)	(1,272,148)	(1,135,148)
Amount deferred during the year	<u>2,077,326</u>	<u>2,077,326</u>	<u>2,900,285</u>	<u>2,820,920</u>
Balance carried forward	<u>2,077,326</u>	<u>2,077,326</u>	<u>2,900,285</u>	<u>2,820,920</u>

12.a Pension liability

USS latest valuation update

The latest available complete actuarial valuation of the Retirement Income Builder (defined benefit) component of USS is at 31st March 2020 (the valuation date), which was carried out using the projected unit method.

Further to this valuation, USS Trustees prepared a recovery plan on 30 September 2021, to satisfy the requirements of section 226 of the Pensions Act 2004, after obtaining the advice of the actuary to the Scheme. It is part of the Trustee's plan for meeting the statutory funding objective (defined in section 222 of the Pensions Act 2004), which is that the Scheme must have sufficient and appropriate assets to cover its technical provisions.

The recovery plan follows the actuarial valuation of the Scheme as at 31 March 2020, which revealed a shortfall in the assets, when measured against the Scheme's technical provisions. The size of the shortfall is dependent on whether the anticipated benefit structure reforms and covenant support measures are implemented in the anticipated timescales. The determining criterion is whether a deed is entered into effecting the benefit changes recommended by a resolution of the JNC dated 31 August 2021 in response to the rule 76.1 report with an effective date of 31 March 2020 (or effecting benefit changes which are different in form to those set out in such resolution but for which the Trustee decides, having taken advice from the Scheme Actuary, that no greater overall level of contributions is required than the overall level of contributions that would be required were the benefit changes recommended by that JNC resolution to be implemented) (the "Benefit Change Deed") on or before 28 February 2022. If this takes place, the shortfall as at 31 March 2020 is £14.1bn. If no deed is entered into, the reduced level of covenant support results in an increase to the technical provisions and the shortfall as at 31 March 2020 is £18.4bn.

Steps to be taken to ensure that the statutory funding objective is met

To correct the shortfall, the Employers' deficit contributions will be as follows, as a percentage of uncapped Salaries, assuming the Benefit Change Deed is entered into by 28 February 2022:

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Notes to the financial statements Year ended 31 December 2021

12.a Pension liability (continued)

From 1 April 2022: 6.3% of Salary

If no Benefit Change Deed is entered into by 28 February 2022, the deficit contributions will be as follows, reflecting the higher technical provisions and future service contribution requirements in this circumstance:

From 1 October 2022 to 31 March 2023: 3% of Salary

From 1 April 2023 to 30 September 2023: 6% of Salary

From 1 October 2023 to 31 March 2024: 9% of Salary

From 1 April 2024 to 30 September 2024: 12% of Salary

From 1 October 2024 to 31 March 2025: 15% of Salary

From 1 April 2025 to 30 September 2025: 18% of Salary

From 1 October 2025 onwards: 20% of Salary

Any payments will normally be made monthly, but the Trustee and employers can agree for payments to be made earlier if appropriate.

The Schedule of Contributions outlines circumstances in which accelerated payment of the deficit recovery contributions could be required.

Period in which the statutory funding objective should be met

The shortfall is expected to be eliminated in 18 years from 31 March 2020, which is by 31 March 2038, provided the Benefit Change Deed is entered into by 28 February 2022. This expectation is based on the following assumptions:

- The technical provisions will be calculated according to the method and assumptions set out in the Statement of Funding Principles dated 30 September 2021.
- The return on existing assets and the return on new contributions during the period will be as set out in the Statement of Funding Principles dated 30 September 2021 in the section headed "Assumptions used in calculating contributions payable under the recovery plan" in the paragraph headed "Investment return on existing assets and future deficit recovery contributions".
- Total employer and employee contributions will be paid in accordance with the Schedule of Contributions dated 30 September 2021, which accompany this recovery plan.

If no Benefit Change Deed is entered into by 28 February 2022, the technical provisions (and therefore the shortfall) would increase. Higher contributions would also be required as a result of the reduced covenant support, and the shortfall would be eliminated in 12 years 4 months from 31 March 2020, which is by 31 July 2032 under the above assumptions (noting the different technical provisions and contribution rates which would apply).

Sensitivity analysis

The actuarial assumptions used for the purpose of the calculations of the year-end USS pension deficit are as follows as of 31 December 2021:

- Prior year discount rate: 0.28%;
- Current year discount rate: 1.07%;
- Deficit contribution rate: 6.3%;
- Payroll annual salary increase (Cost Of Living): 2.3% in year 1, 2% in year 2 and 1.5% onwards until 2037;
- Average headcount variation: 1.5% net per year until 2037.

As set out in the accounting policies, there are some critical estimates made in assessing the obligation to fund the USS deficit. The sensitivity on the above main assumptions used to measure the USS deficit provision are set out below:

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Notes to the financial statements Year ended 31 December 2021

12.a Pension liability (continued)

Change in assumptions at 31 December 2021 ("LEG1")	Approx. impact on deficit of £4.1m	Impact
	£'000	
0.25% pa decrease in discount rate	94	Increase
0.25% increase in salary inflation over duration of the recovery plan	93	Increase
0.25% pa increase in salary inflation year 1 only	10	Increase
0.25% increase in staff changes over duration of the recovery plan	93	Increase
0.25% increase in staff changes year 1 only	10	Increase

Pension provision

At 31 December 2020, the value of the provision related to the USS pension deficit of the School was £1,402,615. In 2021, a net release of £40k was made against the previous year provision and asset. To reflect the increase in the level of contributions as imposed by USS to its member institutions in 2021, an additional provision of £2,716k was made against the SOFA thus bringing the net liability to a balance of £4,078k at year end, and the net EESC asset reducing to a balance of £1,228k.

Group and company	2021 £	2020 £
At 1 January	1,402,615	1,261,409
Net charged to the SOFA	2,675,806	141,206
At 31 December	4,078,421	1,402,615

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

12.a Pension liability (continued)

Reconciliation of the charge / (income) made through the SOFA

	2021	2020
	£	£
Payments made during the year	(44,108)	(56,469)
Unwinding of discount	3,927	7,190
Adjustments	2,715,987	190,485
Total charged to SOFA	<u>2,675,806</u>	<u>141,206</u>

12.b Creditors: amounts falling due after one year

Loan Financing Agreement

In September 2019, the School requested a five-year Loan Financing Agreement from its parent company the EESC with a view to assist with the financing of essential internal refurbishments which took place during the summer 2019. The total amount of the loan was agreed for an amount of £250,064, bearing an interest of 4% over the duration of the loan. At the end of the year, repayments of £50,013 for the principal of the loan and of £7,585 for the 2021 related interests was made, bringing the balance of the loan at £139,619 at year end.

	2021	2020
	£	£
Balance at the beginning of the year	<u>189,632</u>	<u>239,645</u>
Repayment during the year (principal)	(50,013)	(50,013)
Interests due at year end	-	-
Balance at the end of the year	<u>139,619</u>	<u>189,632</u>
Total charged to SOFA (interests)	7,585	9,586

12.c Consolidated reconciliation of net debt

	2021
	£
Net debt opening balance - 1 January 2021	1,907,312
Movement in cash and cash equivalent	1,083,558
Movement on loan	50,012
Net debt closing balance - 31 December 2021	3,040,882
Change in net debt	1,133,570

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

12.c Consolidated reconciliation of net debt (continued)

	2021 £	2020 £
<u>Analysis of net debt</u>		
Cash and cash equivalents	3,180,503	2,096,945
Borrowings: amount falling due within one year		
Unsecured loans	(50,013)	(50,012)
Borrowings: amount falling due after more than one year		
Unsecured loans	(89,608)	(139,621)
Net debt	3,040,882	1,907,312

12.d Financial instruments

<u>Financial assets</u>	Group	Company	Group	Company
	2021	2021	2020	2020
	£	£	£	£
Cash and cash equivalent	3,180,503	2,917,360	2,096,945	1,846,511
Trade debtors	1,497,199	1,204,354	2,049,252	1,892,002
<u>Financial liabilities</u>	Group	Company	Group	Company
	2021	2021	2020	2020
	£	£	£	£
Financial liabilities measured at amortised cost				
Loans	139,619	139,619	189,633	189,633
Trade creditors	334,936	182,501	402,905	271,315
Other creditors	219,172	219,172	277,583	277,583

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company 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.

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Notes to the financial statements Year ended 31 December 2021

13. Net assets of the charity

	Fixed assets/ Investments £	Net current assets £	Loan £	Provision s £	Fund balances £
2021					
Unrestricted funds	<u>891,054</u>	<u>2,737,459</u>	<u>(139,619)</u>	<u>(4,078,421)</u>	<u>(589,527)</u>
2020					
Unrestricted funds	<u>742,036</u>	<u>2,126,912</u>	<u>(189,632)</u>	<u>(1,402,615)</u>	1,276,701

14. Membership liability

In accordance with Clause (7) of the Charity's Memorandum of Association, every member of the Charity undertakes to contribute to the assets of the Charity in the event of the same being wound up while he, she or it remains a member or within 12 months afterwards, to pay one pound towards the costs of dissolution and the liabilities incurred by the Charity while he, she or it was a member.

The sole member of the Charity is the EESC ESCP Europe at 31 December 2021.

15. Related party transactions

Donation and fees were received from the EESC ESCP Europe during the year as follows:

	2021 £	2020 £
Provision of rent-free premises	615,000	615,000
Undergraduate programme fee income	2,760,570	2,710,421
Postgraduate programmes – Full-time Masters fee income	<u>4,921,852</u>	<u>4,242,534</u>

Full-time Masters fee income covers fees received from the EESC for students on shared programmes (MiM, MBA, and other visiting Masters) as well as fees invoiced directly by the Charity for Masters held and run locally.

The following income and recharges of costs were also made in the year:

	Income/recharges		Debtor at 31 December	
	2021 £	2020 £	2021 £	2020 £
EESC ESCP EUROPE	7,728,721	7,565,755	211,651	361,438
ESCP EUROPE Madrid	141,168	35,982	42,391	22,902
ESCP EUROPE Berlin	116,895	123,689	17,288	11,833
ESCP EUROPE Turin	14,654	22,307	3,035	15,052
ESCP EUROPE Foundation	174,602	40,307	42,703	-
ESCP EUROPE Corporate Services Ltd	<u>271,707</u>	<u>233,832</u>	<u>303,715</u>	<u>225,037</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

15. Related party transactions (continued)

The following costs were also incurred during the year:

	Costs		Creditor at 31 December	
	2021 £	2020 £	2021 £	2020 £
EESC ESCP EUROPE	508,209	197,316	414,993	23,889
ESCP EUROPE Berlin	10,401	7,513	8,971	-
ESCP EUROPE Madrid	12,487	-	12,487	-
ESCP EUROPE Torino	3,337	741	1,896	-
ESCP EUROPE Foundation	-	-	3,000	-
ESCP EUROPE Corporate Services Ltd	627	69,000	-	-

EESC ESCP EUROPE, ESCP EUROPE Madrid, ESCP EUROPE Berlin, ESCP EUROPE Foundation, ESCP EUROPE Corporate Services Ltd and ESCP EUROPE Torino are related by virtue of common directors/Trustees.

CCIR is the sole member of each ESCP Europe campus.

16.1 Movements on funds

	At 1 January 2021 £	Income £	Expenditure £	At 31 December 2021 £
Unrestricted funds				
General fund	1,417,907	12,143,271	(11,333,693)	2,227,485
Pension funding	(141,206)	40,181	(2,715,987)	(2,817,012)
Unrestricted funds total	<u>1,276,701</u>	<u>12,183,452</u>	<u>(14,049,680)</u>	<u>(589,527)</u>
Total charity funds	1,276,701	12,183,452	(14,049,680)	(589,527)
Unrestricted funds				
ESCP Europe CS Ltd	<u>1</u>	<u>375,789</u>	<u>(375,789)</u>	<u>1</u>
Total group funds	<u><u>1,276,702</u></u>	<u><u>12,559,241</u></u>	<u><u>(14,425,469)</u></u>	<u><u>(589,526)</u></u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

16.2 Comparative movements on funds

	At 1 January 2020 £	Income £	Expenditure £	At 31 December 2020 £
Unrestricted funds				
General fund	197,171	10,952,060	(9,731,324)	1,417,907
Pension funding	-	-	(141,206)	(141,206)
Unrestricted funds total	<u>197,171</u>	<u>10,952,060</u>	<u>(9,872,530)</u>	<u>1,276,701</u>
Total charity funds	197,171	10,952,060	(9,872,530)	1,276,701
Unrestricted funds				
ESCP Europe CS Ltd	1	414,322	(414,322)	1
Total group funds	<u><u>197,172</u></u>	<u><u>11,366,382</u></u>	<u><u>(10,286,852)</u></u>	<u><u>1,276,702</u></u>

17. Financial commitments

Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases:

	2021 IT equipment £	2020 IT equipment £
Group and Charity		
- within one year	38,433	38,876
- between one and five years	125,828	148,810
	<u>164,261</u>	<u>187,686</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2021

18. Net cash flows generated from operating activities

Reconciliation of net income to cash generated by operations:

	2021	2020
	£	£
Net (outcome) / income for the year	(1,866,228)	1,079,530
Adjustments for:		
Depreciation charges	<u>293,390</u>	<u>264,014</u>
Operating cash flow before movement in working capital	(1,572,838)	1,343,544
Decrease / (Increase) in debtors	719,113	(1,118,560)
(Decrease) / Increase in creditors	(246,103)	894,413
Increase in provisions	<u>2,675,806</u>	<u>141,206</u>
Cash generated from operating activities	<u><u>1,575,978</u></u>	<u><u>1,260,603</u></u>

19. Ultimate parent undertaking

The EESC ESCP Europe is the sole member of the Charity. It is the parent undertaking of the Charity from this point of view at the time of the signing of the 2021 statutory accounts.

The registered address of the EESC ESCP Europe is 3 rue Armand Moisant, Paris 75015, France.

ESCP EUROPE - BUSINESS SCHOOL

England & Wales - Charity number 293027

Accounts

Company Registration No. 1876779

Charity Registration No. 293027



ESCP Europe Business School

Annual Report and Financial Statements

31 December 2020

ESCP Europe Business School

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ESCP Europe Business School

Introduction

This report and financial statements reflect the activities of ESCP Europe Business School, the London campus of ESCP Europe. ESCP Europe Business School legally refers to the company registered at Companies House under company number 1876779 and name “ESCP Europe-Business School”. The commercial name of the entity is ESCP Business School since late 2019.

The London Campus (the “School” and/or the “Charity”) is a part of ESCP Europe, which is both a leading school of international management and a major European institution. ESCP Europe was founded in Paris in 1819 and since then has educated generations of leaders, contributing to the fine reputation it enjoys today. With six campuses across Europe – located in Paris, London, Berlin, Madrid, Warsaw and Turin – and over 100 academic alliances worldwide, ESCP Europe Business School prides itself on providing an international education with its heart in Europe.

The School is internationally accredited by the EFMD for its MBA and EMBA and has long held both AACSB and EQUIS accreditation.

In 2019, the School became successfully registered as a Higher Education provider with the newly formed Office for Students (OFS), as part of the new regime for higher education management and regulation in the UK. The School has been following the OfS Accounts Direction since then.

Each year approximately 4,500 students representing 90 nationalities participate in ESCP Europe programmes across all six campuses. To support this large number of students, there are currently 125 full-time Faculty members and 50 affiliate Faculty members contributing their academic expertise across campuses. In addition, over 700 other working practitioners and visiting lecturers contribute to ESCP Europe’s programmes.

The portfolio includes the following programmes:

- Master in Management (MIM)
- Specialised Masters (multiple full-time programmes)
- MBA in International Management
- EMBA Programme (Executive MBA)
- Executive Specialised Masters (8 part-time programmes)
- Ph.D. Programme (Paris, Berlin, Torino)
- Bachelor (BSc.) in Management

ESCP Europe is also committed to providing executive education alongside degree options. Custom and open enrolment programmes are offered annually across ESCP campuses.

The quality of ESCP Business School’s higher education is recognised annually in the Financial Times Business Education Rankings. The School’s flagship Master in Management programme is consistently ranked in the top ten in the world, and ESCP Europe is ranked in the top five business schools in five of its six campus countries: United Kingdom, France, Germany, Spain and Italy.

ESCP is also highly ranked by The Economist, with the Master in Management programme placed 4th worldwide (1st for employability amongst diverse recruiters, variety of languages on offer and access to overseas exchange programmes).

ESCP’s QS worldwide rankings are 4th for the MSc in Big Data and Business Analytics, 5th for the MSc in Marketing and Creativity and 7th for the Master in Management.

Research is a major priority at ESCP Europe. The team of international Faculty members are constantly striving for the creation of new knowledge. The aim is to bring new insights to the global academic community as well as providing innovative content for teaching and business practice.

ESCP Europe Business School

Introduction (continued)

Until 31 December 2017, ESCP Europe was part of the Chambre of Commerce and d' Industrie of Paris Region Ile-de-France, (the CCIR). From January 2018, the ultimate parent company and sole member of the Charity is the EESC ESCP Europe.

ESCP Europe (located at 2, rue Armand Moisant - 75015 - Paris - France), is an institution with a specific legal status and form named EESC (Etablissement d'Enseignement Supérieur Consulaire) since the 1st of January, 2018. EESC ESCP Europe is a French autonomous non-profit legal person, subsidiary of the CCIR which is its shareholder at 99.99% and which controls the majority of the voting rights at EESC ESCP Europe's Board. The CCIR is a French administrative public body.

Coronavirus update

Since the first outbreak of Coronavirus (COVID-19) in March 2020 and until the date of this report, the School has been monitoring all developments in close collaboration with the U.K. Government Department for Education (DfE), the Department for Health and Social Care (DHSC), and other national agencies including Public Health England (PHE). Both in effecting temporary campus closure in March 2020 and in introducing stringent Health and Safety protocols for a return to Campus in September 2020, the School has followed all Provider guidelines to the letter. In suspending live teaching at the start of 2021, the School has again followed the request and guidance of the U.K. government.

The safety and wellbeing of its students and staff have been the School's overriding priority throughout. During the periods of time the Campus has been operating on an open basis, infection and transmission rates have been low and well below the reporting thresholds detailed by the DfE and Office for Students (OfS). The second phase of the pandemic (from September 2020 until early December 2020) saw the introduction of blended learning and restrictions on the amount of time spent on Campus by both staff and students. All campus activity was socially distanced and subject to other sanitary measures. In periods of closure (March-June 2020 and January 2021-present), the School has migrated all of its teaching activities and student services online. Its academic and professional staff have been able to operate remotely.

All sets of measures implemented since the initial lockdown and described here above allowed the School to continue to deliver its classes to the highest standards and to good rates of student satisfaction. Business continuity has been ensured and student enrolment has continued to reach new heights. More information about the performance of the School in 2020 is provided in the following sections of this report.

At time of writing the School is awaiting Government decision on the potential recommencement of live teaching on University campuses. ESCP has a provisional plan to restart live in-person teaching in the Spring and subsequent to the end of U.K. lockdown restrictions. This is entirely contingent upon the recommendation of the Universities Minister and approval of the ESCP federal board, where account will be taken of the wider ESCP situation.

ESCP Europe Business School

Report and financial statements 2020

Company information

Trustees

The Trustees who have served in office during the year, and up to the date of this report unless otherwise stated, are:

Lord **Gold** (Chairman) (*)

Jerome **Bedier**

Franck **Bournois**

Gilles **Cambournac**

Rodney **Eastwood**

Laurent **Fenou**

Valerie **Henriot** (*)

Joelle **Lellouche**

Laurence **Milsted** (*)

Jean-Luc **Neyraut** (appointed 27 April 2020 – resigned 1 March 2021)

(*) Member of the Audit & Risk Committee

The *Etablissement d'Enseignement Supérieur Consulaire ESCP Europe* (« EESC ESCP Europe ») is the sole member of the Charity. Membership is explained in note 14 to the accounts.

Registered office: 527 Finchley Road, Hampstead, London NW3 7BG

Website: www.escp.eu

Principal professional advisers

Bankers

Barclays Bank Plc, Oxford City Office, PO Box 333, Oxford OX1 3HS

Solicitors

Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN

Insurer

Zurich Municipal, Zurich House, 2 Gladiator Way, Farnborough, Hampshire GU14 6GB

Independent auditors

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH

ESCP Europe Business School

Trustees' report (incorporating the Directors' Report)

The Trustees present their annual report, incorporating a Directors' report, for the year ended 31 December 2020 together with the audited financial statements for the year. This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, including the exemption from preparing a strategic report.

Reference and administrative information

The Charity, a company limited by guarantee, was founded in 1985 and is registered with the Charity Commission in England and Wales under Charity number 293027. The Trustees and address of the Charity are as listed on page 3. Particulars of the Charity's professional advisers are also given on page 3.

The Charity was established in the UK with the support of the CCIR in pursuit of its mission of providing education and training in Business Management. It is the London campus of a six campus school with the other centres being Berlin, Madrid, Paris, Turin and Warsaw. The EESC ESCP Europe provides financial support to the annual running costs of the Charity in the form of a donation agreed annually, together with the provision of rent-free facilities. Since 2 January 2018, the immediate parent company and sole member of the Charity is the EESC ESCP Europe, owned by the Charity's ultimate parent company, the Chambre de Commerce et d'Industrie Paris Region Ile-de-France (the "CCIR").

Structure, governance and management

This section of the Trustees' report, along with the responsibility statement on page 14 incorporates the requirements of the statements of corporate governance and internal controls required by the OfS Accounts Direction. This covers the period covered by the financial statements and the period up to the date of approval of the audited financial statements.

Governing Document

The Charity is governed by its Memorandum and Articles of Association.

Governing Body

The Charity is governed by its Trustees.

Recruitment of Trustees

The Charity's Trustees are appointed when appropriate on the basis of nominations received from Trustees. Trustees are selected on the basis of their knowledge in a specific field and the Trustee skill register is reviewed each year. Trustees are inducted by the Chairman with the support of the UK Campus Dean in London and the Dean of the School in Paris.

Organisational Management

The Trustees of the Charity are legally responsible for the overall management and control of the Charity, and meet three times a year, including the annual meeting to approve the budget and annual report and financial statements.

The Audit and Risk Committee meets at least twice per year to review the annual report and financial statements, the accounting systems, the internal controls and audit thereof and other significant issues.

The Reward and Remuneration Committee meets once a year to review the framework for the remuneration and terms and conditions of employment of the key management personnel of the School. It ensures that the reward policy of the School is appropriate to attract and motivate those individuals to achieve the long-term targets of the School.

The School is subject to the national (UK) framework for higher education provision. Prior to 2019, regulatory control has been exercised by a national quality assurance agency: the QAA. The School satisfied all QAA requirements as an alternative/private provider prior to 2019 and successfully registered as an HE provider with the newly formed Office for Students (OFS) in 2019, as part of the new regime for higher education management and regulation in the UK.

The School has a Senior Management Board ("SMB", led by the Campus Dean) providing strategic and operational control of the business and administration side of the School and Campus within the parameters of the EESC governance model. SMB is supported by a number of subsidiary committees and local governance mechanisms, some of which are subsidiary committees to federal organs.

ESCP Europe Business School

Trustees' report (incorporating the Directors' Report)

With respect to supervisory control and governance, the London board of Trustees (with strong EESC representation) operates with the addendum of a Corporate Services Board, an Audit & Risk Committee, and a Reward & Remuneration Committee (see above).

Risk Management and internal control

The Trustees receive and consider reports from the OfS as they affect the School's business, and monitor adherence to the regulatory requirements which includes compliance with the OfS's ongoing conditions of registration.

The Trustees of the Charity are responsible for the management of the risks faced by the Charity. Detailed considerations of risk are delegated to the Audit and Risk Committee, who are assisted by the senior management. Risks are identified and assessed, and controls are reviewed throughout the year. A formal review of the Charity's risks and their mitigation is undertaken on a termly basis at the Trustee meetings and in a more detailed manner, twice a year, at the Audit and Risk Committee meetings. Through the risk management processes established for the Charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Amongst the major risks and uncertainties which the Trustees seek to mitigate at all times, the Trustees' try to ensure that:

- all COVID-19 related risks (recruitment, student well-being and experience, and overall financial strength) are comprehensively monitored and that all Health and Safety developments are kept under constant review and communication with all relevant authorities;
- all BREXIT related risks (e.g. cross border mobility of persons) are assessed and managed to the extent possible;
- business continuity is ensured through appropriate levels of activity, recruitment, and commercial performance;
- statutory obligations are met and compliance actions undertaken; and
- financial plans and targets are suitably framed and executed upon.

The Board of Trustees is also concerned that:

- the School continues to recruit and retain high quality academics in order to achieve its research aims and teaching goals;
- manages realistically its enrolment targets;
- delivers the courses to which it is publicly committed and at an appropriate standard; and
- maintains its estate and facilities suitably, taking into account the positive implications of remote learning on spatial constraints and the requirement for modernisation of its facilities.

Mitigation of these risks is through regular management team meetings and termly Trustees' meetings typified by report on:

- student experience and student satisfaction: assessed at periodic intervals through minuted meetings with students' representatives and implementation and analysis of students' satisfaction surveys;
- student recruitment: monitored on a monthly basis by the Admissions' team feeding back reportings to the School local and federal management and allowing live updates of all financial forecasts;
- staffing requirements: fully apprehended through termly Professional Resources Committees ("PRC's") reporting to the SMB;
- progress against financial objectives: subject a monthly exhaustive reportings submitted to the federal centre assessing performance against budget and campus set targets; and
- estate emergency and maintenance plan: reviewed through regular discussions held with the Freeholder to allow the School to communicate and address the needs of the student population and the development of its estate.

The key elements of the School's system of risk identification and management include:

- the integration of planning, risk, KPIs and other performance indicators to provides an efficient reporting and control mechanism;

ESCP Europe Business School

Trustees' report (incorporating the Directors' Report)

- the management of risk at strategic, School and project level to ensure that a full picture of risks is available and that significant risks are escalated to the appropriate level;
- business continuity and emergency management, ensuring plans are in place which would address any disaster and emergency situation;
- ensuring that all risks have appropriate ownership so that risks can be controlled appropriately; and
- reporting at least twice a year to the Audit and Risk Committee which assures the Board on the effectiveness of arrangements of internal control and risk management.

System of internal control and financial statements

In accordance with the Scheme of Reserved and Delegated matters, the Board is responsible for the administration and management of the School, including ensuring an effective system of internal control, and adopting audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the School's financial position and enable it to ensure that the financial statements are prepared in accordance with relevant accounting standards.

The system of internal control is based on an ongoing process designed to identify the principal business, operational, compliance and financial risks; to evaluate the nature and extent of those risks; and to manage them efficiently and effectively. This process was in place for the year ended 31 December 2020 and up to the date of the approval of the financial statements, and accords with OfS guidance and there were no significant control weaknesses that should be disclosed.

The key elements of the School's system of internal control include:

- a medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- the attendance of the School's external auditors at each meeting of the Audit and Risk Committee, where through their work, they share their views on areas for improvements in internal control and value for money;
- defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approval limits set by the Board; and
- an internal financial control manual updated every year, detailing financial controls and procedures.

Any system of internal control or risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material misstatement or loss.

Having reviewed all available evidence, the Trustees have satisfied themselves with the adequacy of internal controls for the period 1st January 2020 to the date of signing of the accounts.

Charitable Objects

The Charity's Objects, as set out in its Memorandum and Articles of Association, are the advancement of education in the science and practice of professional management in a European context. The Charity seeks to provide education and research in professional management and related subjects and to publish the useful results of such activity for public benefit. The Charity wholly owns ESCP Europe Corporate Services Ltd, the objects of which are to carry on business as providers of executive education and training. The performance of the subsidiary for 2020 is given in note 9 to the accounts.

Strategy

The aims of the School (in London) are set against the Strategic/Business Plan of ESCP Europe for the period 2018-2022. In accordance with this, the objectives of the School in London have been organised in ten priority areas. These are split between the two central goals of "brand and size".

ESCP Europe Business School

Trustees' report (incorporating the Directors' Report)

SIZE

1. Grow and diversify revenue streams in order to ensure an operating surplus.
2. Increase the number of students on campus in alignment with the Strategic Plan.
3. Increase the number and range of degree programmes and specialisations, building on local poles of excellence.
4. Advance relationships with the corporate world through impactful consultancy projects, employer links, and executive education.
5. Expand and modernise our facilities, including a programme of investment in the School's physical and virtual learning environments.

BRAND

6. Enhance teaching and research excellence through investment in faculty, pedagogic innovation and digital learning.
7. Improve the overall visibility and reputation of the School in the UK and English-speaking world.
8. Strengthen the School's community interaction and impact, by engaging with and supporting the communities in which the School operates.
9. Improve academic standards and quality assurance, with full UK quality code compliance and adherence to our international accreditation standards.
10. Ensure strong rankings placement and other metrics of programme positioning.

Specialisations, esteem factors and milestones

Specialisations

Within the context of the ESCP Europe system of campuses, awards and specialisations, the London Campus will continue to offer specialisations in:

- Marketing & Creativity
- Digital Transformation
- Banking, Finance & Investment
- Energy Industries & Security
- Consultancy & Professional Services

Esteem Factors and Milestones

The rankings of ESCP Business School programmes translate into impressive UK market positioning. FT Rankings for the EMBA; AMIF and MiM, place ESCP Europe within the top 3 in the U.K. for each programme category. Our Masters in Marketing and Creativity (MMK) was also ranked in year by QS as No.6 worldwide.

Principal activities of the year

Full Time Degree Education

In 2020, the London campus successfully delivered part of 12 different full-time degree awards to ~1,300 students either fully remotely or via a combination of face-to-face and hybrid teaching. The programmes included:

- the MBA, BSc, and MiM (as federal rotational programmes);
- the MMK, MEM and MDT (as local MSc programmes with one term or semester on a sister Campus); and
- the AMIF, MLIM, and BiOP, plus three additional visiting Masters.

ESCP Europe Business School

Trustees' report (incorporating the Directors' Report)

Part Time Degree Education

Two successful EMS awards operated online to ~50 participants including:

- the Executive Master in Energy Management (EMEM) and
- the Executive Master in Automation Management & Digital Transformation (EMMA).

In total, Executive Masters provision functions as a second key area of our activity. The revenues of this stream of business were strongly impacted in 2020 due to the pandemic with a number of the School's clients either cancelling or deferring their enrolment to 2021.

Executive Education (non-degree)

Complementing the School's degree-based education, executive education interventions applied for familiar European brands such as LVMH and Savencia. These bespoke and certificated programmes combined with other non-degree based interventions, including: short residential courses, master-classes, and company consultancy projects.

Since mid-March 2020, most of the activities for non-degree executive education have moved online. Some of the programmes and activities scheduled for the later part of 2020 were either cancelled or deferred by clients to 2021.

External links

In the year of account, the School has been an active member of the U.K.'s Chartered Association of Business Schools (CABS); the U.K. Parliament-Industry Trust (IPT); and the French Chamber of Commerce in Great Britain (CCFGB). London is also home to two business-facing Centres/Institutes receiving external support and funding from companies including L'Oréal and Glencore. These are: the Centre for Marketing Creativity (CMC) and the Centre for Energy Management (CEM).

Scholarship and Research

As an educational charity and an academic institution the London campus endeavours to publish books, articles and case studies that receive attention from academics, practitioners and the general public. Highlights for 2020 include:

Publications in listed Peer-Reviewed-Journals:

- 16 publications in ALPHA level and Category 1-3 PRJ journals;
- Several articles in lesser ranked and other non-ranked academic journals; and
- Several articles in professional magazines (INFO, SURVEY, Harvard Business Review France etc.).

Additionally, 50+ conference presentations from London faculty members took place in 2020 at national and international academic conferences including: AOM, SMS, BAM, EGOS, ANZAM, EURAM, EMAC and AMA).

Other research-related outputs include:

- Book publications and book chapter publications
- Editorials, Guest Editorships and Positions on Editorial Boards;
- Reviews and service to scientific communities; and
- Attendance/networking in professional conferences, appearances and awards in media, and posts in blogs and social media (e.g. Forbes, New Scientist, Popular Science, Daily Telegraph, The Times, the Evening Standard, The Herald, and City AM, LinkedIn, Markets and Money Advisory).

ESCP Europe Business School

Trustees' report (incorporating the Directors' Report)

Local resource support

The operations of the London Campus are concentrated on a full-owned site in NW London providing ~4,500 sq.m. The School has been at this location since 2004. The current site has had two previous extensions and current discussions with the School's freeholder allude to a possible extension at the back of the building by 2023/24.

There has been progressive expansion in the human resource base at the School to reflect and support its growth. At the end of 2020, full-time faculty numbers are at 22, providing the core of academic support to students. This group is supplemented by over 50 affiliate and visiting faculty.

Just over 50 professional services staff members provide resource support and leadership in such areas as: finance, HR, marketing, data planning, IT, student services, communications and events.

With respect to its financial resources, the School in London now operates with an annual revenue of c. £11.5 million. In 2020, and for the second time running, the annual operating subsidy (excluding rent-free subsidy and funding of the pension deficit) received from the EESC was £nil (2019: £nil), the School generating a consolidated £1,079k surplus at the end of the year.

Public benefit statement

The Trustees have considered the guidance on public benefit published by the Charity Commission. The Trustees believe that increasing the skills, knowledge and understanding of good business management practices provides public benefit since the subject itself is of educational merit and its dissemination through the student body will then enhance society as a whole.

The Trustees have given consideration to ensuring that ongoing public benefit is a part of the work of the School and recognise that scholarship awards are important in helping to ensure that students who would otherwise not be able to afford the fees can access the education offered by the School. Student applications for scholarship awards are available to all those who meet the general entry requirements of the School and are made on the basis of means. The availability of scholarships is advertised on the School website. The great majority of scholarships are offered to the students at Group level. Those in the School's accounts as a scholarship expenditure are for those scholarships granted by the London entity (2020: £89k / 2019: £80k).

Due to the pandemic, the School implemented in 2020 a new set of access opportunity scholarships in 2020 as well as a number of financial discounts, payment plans and other commercial incentives allowing students to access higher education at a lower cost and to spread the payment of their tuition fees in exceptional circumstances.

Part of the Charity's funding comes from a donation from the EESC. This funding, together with the provision of rent-free facilities to the Charity by the EESC, allows the School to provide education at a lower cost than would otherwise be possible. This has been shown as a donation and detailed in note 3.

The School welcomes students from all backgrounds. Entrance interviews are undertaken to ensure that students can cope with the pace of learning and benefit from the education provided. An individual's gender, ethnicity, race, religion or disability do not form part of the recruitment processes. The School acts as an equal opportunity organisation and is committed to a working environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. The School's students regularly engage with local charities and business to support various causes (environmentally-friendly sustainability actions, provision of clothing and food to local homeless shelters) seeking to increase the impact of the School on its neighbouring community.

The School will make reasonable adjustments to meet the needs of staff or students who are or become disabled. The School is committed to safeguarding and promoting the welfare of its students and expects all staff to share this commitment.

ESCP Europe Business School

Trustees' report (incorporating the Directors' Report)

Public Events

Despite Covid-19, ESCP continued to organise a range of high calibre events in 2020, open to the School's students, alumni community and external guests. These included:

- our Annual Student Gala: 420 guests and focused on student success and achievements (early March 2020, before lockdown and social distancing measures introduced);
- our first Entrepreneurship Festival: hosted online in May, which gathered more than 600 participants, students, professionals and alumni. This was followed by an intercampus Winter edition, also hosted online in November 2020;
- the launch of intercampus seasonal celebrations online to connect students, staff and faculty working remotely;
- various student challenges and competitions, including the L'Oréal Big Picture, FT Bocconi Challenge, 50 St Gallen Symposium, and #GetActive BUCS British Universities and College Sports;
- a range of student clubs and societies events, including but not limited to chess, finance banking trek, alumnights, UNICEF UK, Cheerup cancer research fundraisers, GEA Sustainability, book clubs, and film screenings;
- Energy talks series; and
- online Careers Fairs.

Cooperation with external organisations

In 2020, the School partnered with a number of recognised universities or bodies, including:

- City University;
- The Industry and Parliament Trust;
- The Chartered Association of Business Schools;
- The French Chamber of Commerce in Great Britain;
- The French Institute;
- The Franco-British Council; and
- The Italian Chamber of Commerce.

Related Parties

Related parties include the trading entity, ESCP Europe Corporate Services Ltd, the EESC ESCP Europe, and the other ESCP Europe campuses. From the 2 January 2018, the EESC-ESCP Europe replaced the CCIR as the parent company of the Charity.

In addition to the related parties mentioned above, there are two further related parties.

ESCP Europe Foundation

The ESCP Europe Foundation was created by ESCP Alumni in 2005 and is a French registered charity. The Foundation supports ESCP Europe in sustaining its academic excellence and leadership, in particular in the key strategic areas such as promotion of social diversity, development of projects aiming at increasing competitiveness and innovation in France and abroad and implementation of innovative teaching methods.

To achieve its ambitions and financial targets, the Foundation seeks to raise contributions from corporate sources and Alumni via several fundraising campaigns. In 2020, the Foundation raised over £60k through the Charity on behalf of other campuses. All sums not specifically attributed to the London campus were payable to the Foundation at 31 December 2020.

The ESCP Europe Alumni Organisation

The ESCP Europe Alumni Organisation is a separate legal entity from the Business School itself. It is independent of the School and therefore is not consolidated into these financial statements. From a global population of c. 50,000

ESCP Europe Business School

Trustees' report (incorporating the Directors' Report)

alumni worldwide, there are some 2,400 alumni in the UK. The School engages with them regularly through receptions, conferences, invitations to talk to students and to support students in finding internships and company projects.

Performance of the Charity

The quality of ESCP Business School's higher education is recognised annually in the Financial Times Business Education Rankings. The School's flagship Master in Management programme is consistently ranked in the top ten in the world, and ESCP Europe is ranked in the top five business schools in five of its six campus countries: United Kingdom, France, Germany, Spain and Italy.

In context and rather paradoxically, 2020 was a successful year for the Charity in terms of academic and financial performance thanks to the School's ability to swiftly switch most of its teaching online, to later safely operate and continue to deliver excellence at highest levels in a lagging pandemic to the greater satisfaction of students and staff.

Executive revenues for Executive masters and Bespoke Executive Education were much affected by the consequences of clients cancelling or postponing their contract but the EMMA programme managed the transition to online teaching well driving most of the executive education revenues during the year.

The Charity's trading subsidiary, ESCP Europe Corporate Services Ltd, produced an operating surplus for the year of £74k before a gift aided donation of the same amount to the Charity at year end (2019: £117k). Some business opportunities were either cancelled or deferred to 2021 due to the implications of COVID-19 pushing some corporate partners to postpone and reschedule the commissioning of Bespoke Executive Education at a later stage in 2021.

The sixth cohort of the three-year European Bachelor in Management was taught at the School from the beginning of the new academic year with a record number of students hitting the grounds of the London campus early September 2020 with 309 students (2019: 284 students). These students were taught via a combination of onsite and remote teaching for the first term.

Having considered the level of financial surplus derived by the School at the end of the year, the levels of cash flows available and the possibility for the School to access, from its Federal centre, sufficient financing and cash to meet its liabilities over the next 12 to 18 months, the Trustees are satisfied with the results of the Charity in 2020 in the context of continuing financial support from the EESC ESCP Europe covering a period of 12 months from the date of signing of the 2020 accounts.

The Trustees rely on the continuing commitment from its Federal Centre to cover any future USS liability and increase of the School's pension deficit. The Trustees also recognise the Federal Centre commitment to provide continued support to the School in the event of fluctuations in its performance in future.

Development objectives

In line with its strategic priorities, the School will continue to develop and execute its academic and business plans. Significant development objectives for 2021 include:

- The introduction of new specialisations on the flagship Master in Management (MiM).
- The development of near- and long-term digital delivery strategies for all awards.
- The digitalisation of student learning and experience with focus on curricula, pedagogy, and service offers.
- Advancement of preparations for teaching degree awarding powers and associated reviews.
- The strengthening of executive education and corporate activity, pertaining to the Charity (Executive Masters) and its trading entity.
- The modernisation and extension of Campus facilities, alongside significant estate maintenance activities (as commissioned by the EESC).

ESCP Europe Business School

Trustees' report (incorporating the Directors' Report)

The School continues to aim to:

- strengthen recruitment for its full programme suite.
- build up a first class Faculty and affiliate Faculty.
- consolidate the School's areas of research expertise
- encourage new areas of enquiry linked closely to its degree/specialisation offer.
- promote and advance teaching excellence in alignment with the learning goals and mission of ESCP Europe.

In a context of COVID-19, the School anticipates downward activity levels in Executive Education and has revised its financial forecast for 2020 accordingly. To protect the School's fiscal position in 2020, all significant investment plans (building infrastructure mostly) have been put on hold in agreement with the School's Freeholder and will be reassessed in 2021.

Reserves policy

Total unrestricted funds at the end of the current year were £1,276,702 (2019: £197,172). Since the end of 2015, the School does not hold any restricted funds in its accounts.

The amount required in order to balance income and expenditure is agreed on an annual basis prior to the start of the year and received as a donation from the EESC. As a consequence, the School does not aim to retain a general reserve to cover costs involved in further developing its structure and any shortfall would be covered by the EESC ESCP Europe in the form of an operating donation.

In 2020, for the second time running, the London campus generated a financial surplus of £1,080k (2019: £6k). As of 31 December 2020, the level of donation from the EESC is therefore limited to the provision of the free-rent facility adjusted from £500k in 2019 to £615k to reflect the rateable value of the site. The increase of the USS pension provision at year end for £141k was fully absorbed by the School with no matching asset provided by the EESC in 2020.

Since January 2018 letters of financial support were received from the EESC ESCP Europe, which confirmed that the EESC ESCP Europe would give the School further financial support in the case of a temporary cash requirement for a duration of at least 18 months from the date of signature of the financial statements. The EESC ESCP Europe confirmed that it would still be in a position to provide this support irrespective of COVID-19 and Brexit implications on the School's activities and in a context of growing USS pension deficit anticipated for 2021 and future years.

Key management personnel and remuneration policy

The School's Senior Management Board (SMB) constitutes the grouping of key management personnel of the School.

This group consists of the Dean of Campus, Directors and Heads of professional services (x6), and our senior faculty representatives (x3). The number of people included within key management in 2020 was 10 (2019: 20).

Within this group, the Dean and professional services staff are subject to annual pay review via the School's Reward and Remuneration Committee (RRC). A number of criteria are used for setting or revising compensation such as, but not limited to, the nature of the role and responsibilities of each individual, average salaries for comparable positions across the sector, and the trend in pay in recent years. Annual performance reviews may result in the award of performance-based bonuses, salary increments, and/or grade modifications. Note 7 provides details of the remuneration components of the UK Dean.

The senior faculty representatives are subject to the faculty performance evaluations applicable to all faculty with the exception of the Campus Dean. This process is governed locally by the Campus Faculty Advisory Committee (CFAC).

ESCP Europe Business School

Trustees' report (incorporating the Directors' Report)

Financial review and results for the year

On a consolidated basis, the total revenues of the School in 2020 have increased from £10.8m in 2019 to £11.4m in 2020. This was primarily due to higher numbers of students in the BIM and shared master programmes and to the release of the historical PAYE provision in 2020 (£0.2m) and compensated, overall, the net decrease in the turnover received from Executive Education business lines. The Executive Education activity was indeed deeply affected by the impact of Covid in 2020, a great proportion of Executive Education clients having either cancelled or postponed their contracts with the School to 2021.

The level of operational donation from the EESC, excluding rent, amounted to £nil in 2020 (2019: £nil). The provision of rent-free premises from the EESC is recognised as a gift in kind of £615k (2019: £500k). The increase of the USS pension provision at year end for £141k was fully absorbed by the School in 2020 with no matching asset provided by the EESC.

The evolution of the EESC subsidies between 2019 and 2020 are reported in the Statement of Financial Activities and in note 3 to the accounts.

The expenditure for the year totalled £10.3m for 2020 (2019: £10.8m) with the variance primarily due to the lower variable direct costs incurred in a context of COVID-19.

The net consolidated result for the year is a net surplus of £1,080k (2019: £6k) after transfer of the gift-aided donation from ESCP Europe Corporate Services Limited to the Charity for £74k (2019: £117k).

In 2020, an increase in the USS pension deficit provision of £141k was made to reflect the on-going increase of the pension deficit funding contributions underlying the value of the pension deficit of the School. At 31 December 2020, the value of the deficit in the statutory accounts is £1,403k. Considering the latest intelligence provided by USS as it relates to the results of the 2020 valuation, the School anticipates that its share of the USS overall pension deficit will increase significantly in 2021.

Going concern

The Board has carefully assessed whether the School is a going concern in reference to its financial position and performance as outlined in the financial review. Particular note has been taken to ensure the assessment is proportionate to the size and level of financial risk and complexity of the organisation and to reflect upon the experience of operating during the Covid-19 pandemic.

For the purpose of the signature of the 2020 consolidated accounts, the review covers a period of 18 months from the date of signing the financial statements and concludes that there are no material uncertainties that would cast significant doubt about the ability for the School to continue as a going concern.

As of 31 December 2020, the School has net current assets of £2.1m, a positive balance of cash of £2.1m and a small level of external borrowing of £0.2m. Long-term liabilities of £1.4m relate in full to the USS pension deficit provision which is not expected to crystallise in the near future. Sources of income for the year ahead will be secured through 1/ a growing flow of students recruited at Federal level and sent to the London campus; 2/ a sustained recruitment of students for the local masters; and 3/ an increased activity of the executive education picking up levels comparable with those of 2019. On that basis, the cash flow forecast for the next 18 months reveals positive cash balances throughout the period.

The statement of the Board responsibilities; the description of the organisation management; and the review of internal controls summarise the arrangements the School has in place for the identification and management of risk.

Taking the above into account, the Trustees have a reasonable expectation that adequate resources exist to continue operations for the foreseeable future and the going concern basis continues to be appropriate for preparing the annual financial statements.

ESCP Europe Business School

Trustees' report (incorporating the Directors' Report)

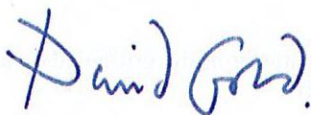
Independent Auditors

Each of the persons who is a trustee at the date of approval of this report confirm that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Trustees on 1st April 2021 and signed on behalf of the Board.



David Gold

Chairman of the Board of Trustees

8th April 2021

ESCP Europe Business School

Trustees' responsibilities statement

The Trustees (who are also directors of ESCP Europe-Business School for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2019 version);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditor's report to the members of ESCP Europe Business School

Report on the audit of the financial statements

Opinion

In our opinion, ESCP Europe Business School's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure, gains and losses, changes in reserves and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law);
- have been properly prepared in accordance with the requirements of the Office for Students' Accounts Direction (OfS 2019.41); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheets as at 31 December 2020; the Consolidated statements of financial activities (incorporating consolidated income and expenditure statement), and the Consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group's and the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Report on the audit of the financial statements (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 group's and company'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 and company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011 and relevant regulations made or having an effect thereunder including The Charities (Accounts and Reports) Regulations 2008 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws

Report on the audit of the financial statements (continued)

and regulations on the financial statements such as the Companies Act 2006. We evaluated the incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), by the trustees and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements and determined that the principal risks were related the posting of inappropriate journals to increase revenue and management bias in accounting estimates. Audit procedures performed included:

- Evaluating management's controls designed to prevent and detect irregularities.
- Making enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations.
- Challenging assumptions and judgements made by management in significant account estimates.
- Testing unusual or unexpected journal entries, particularly those impacting revenue.

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 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinions on other matters prescribed in the Office for Students' Accounts Direction (OfS 2019.41)

In our opinion, in all material respects:

- funds from whatever source administered by the company for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation.

Under the Office for Students' Accounts Direction, we are required to report to you if we have anything to report in respect of the following matter:

- The company's fee income, as disclosed in note 4b to the financial statements, has been materially misstated.

We have no matters to report arising from this responsibility.

Companies Act 2006 exception reporting

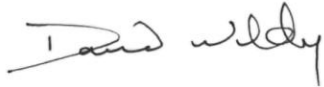
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Trustees' Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



David Wildey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8th April 2021

ESCP Europe Business School

Consolidated statement of financial activities (including consolidated income and expenditure account) Year ended 31 December 2020

	Note	Unrestricted Funds 2020 £	Total funds 2020 £	Total funds (* 2019 £
Income				
Donations	3	615,000	615,000	1,061,054
Charitable activities				
Student fees	4	8,903,690	8,903,690	7,071,609
Other educational income	5.a	1,327,144	1,327,144	1,887,451
Investment income		329,398	329,398	32,923
Other income	5.b	191,150	191,150	768,276
Total income		<u>11,366,381</u>	<u>11,366,381</u>	<u>10,821,313</u>
Expenditure				
	6	<u>(10,286,852)</u>	<u>(10,286,852)</u>	<u>(10,814,889)</u>
Total expenditure		<u>(10,286,852)</u>	<u>(10,286,852)</u>	<u>(10,814,889)</u>
Net income for the year		<u>1,079,530</u>	<u>1,079,530</u>	<u>6,424</u>
Net movement in funds		<u>1,079,530</u>	<u>1,079,530</u>	<u>6,424</u>
Reconciliation of funds				
Total funds brought forward		197,172	197,172	190,748
Net movement in funds for the year		1,079,530	1,079,530	6,424
Total funds carried forward	16	<u>1,276,702</u>	<u>1,276,702</u>	<u>197,172</u>

There were no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derives from continuing activities.

(*) The 2019 other income and direct costs within charitable expenditure as disclosed in the prior year signed accounts have been restated by £399,683k to reclassify the write back of a provision as a credit against expenditure rather than as a credit to other income.

ESCP Europe Business School

Balance sheets as at 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	£	£	£	£
Fixed assets					
Tangible assets	8	742,035	665,848	742,035	665,848
Investments	9	-	-	1	1
		<u>742,035</u>	<u>665,848</u>	<u>742,036</u>	<u>665,849</u>
Current assets					
Debtors	10	3,821,876	2,703,316	3,939,156	2,569,534
Cash at bank and in hand		2,096,945	1,226,556	1,846,511	1,083,903
		<u>5,918,821</u>	<u>3,929,872</u>	<u>5,785,667</u>	<u>3,653,437</u>
Creditors: amounts falling due within one year	11	(3,791,907)	(2,897,495)	(3,658,755)	(2,621,061)
Net current assets		<u>2,126,914</u>	<u>1,032,377</u>	<u>2,126,912</u>	<u>1,032,376</u>
Total assets less current liabilities		<u>2,868,949</u>	<u>1,698,225</u>	<u>2,868,948</u>	<u>1,698,225</u>
Provision for pension scheme liability	12.a	(1,402,615)	(1,261,409)	(1,402,615)	(1,261,409)
Creditors: amounts falling due after one year	12.b	(189,632)	(239,645)	(189,632)	(239,645)
Net assets		<u>1,276,702</u>	<u>197,172</u>	<u>1,276,701</u>	<u>197,171</u>
Funds					
Unrestricted funds:					
- General fund		1,276,702	197,172	1,276,701	197,171
Total funds	16	<u>1,276,702</u>	<u>197,172</u>	<u>1,276,701</u>	<u>197,171</u>

The net result of the parent Charity for the year for Companies Act purposes is £1,080k in 2020 (2019: £6k). As permitted by section 408 of the Companies Act 2006, no separate Statement of Financial Activities is presented in respect of the parent Charity.

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The notes on pages 21 to 37 form an integral part of these financial statements.

The financial statements of ESCP Europe Business School, registered number 1876779, were approved and authorised for issue by the Directors on 1st April 2021.

Signed on behalf of the Board of Directors

Trustee/Director

David Gold

8th April 2021

Trustee/Director

Frank Bournois

8th April 2021

ESCP Europe Business School

Consolidated cash flow statement Year ended 31 December 2020

	Note	Total funds 2020 £	Total funds 2019 £
Net cash flows generated from/(used in) operating activities	18	1,260,603	244,400
Cash flows from investing activities			
Purchase of property, plant and equipment		(340,201)	(393,126)
Cash flows from financing activities			
EESC financing loan		(50,013)	239,645
Net increase / (decrease) in cash and cash equivalents		<u>870,389</u>	<u>90,919</u>
Cash and cash equivalents at beginning of the year		<u>1,226,556</u>	<u>1,135,637</u>
Cash and cash equivalents at the end of the year		<u><u>2,096,945</u></u>	<u><u>1,226,556</u></u>

Cash and cash equivalents comprise of cash at bank, cash in hand and revaluation adjustment of the Euros denominated accounts at year end.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

1. Accounting policies

Basis of accounts preparation

The financial statements have been prepared under the historical cost convention in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2019 revised version)” applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), FRS102 including Section 1A; and the Companies Act 2006 and the OfS Accounts Direction.

The Charity is a public benefit entity as defined by FRS102.

The functional currency of ESCP is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The presentation currency is pounds sterling.

ESCP Europe Business School meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

The group financial statements consolidate the financial statements of the Charity and its subsidiary undertaking, ESCP Europe Corporate Services Ltd drawn up to 31 December every year. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

After making enquiries, the Trustees have a reasonable expectation that the Charity has adequate resources to continue its activity for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. More information on the going concern assumption is given on page 12 in the Trustees’ report.

These accounts include the results of the subsidiary ESCP Europe Corporate Services Ltd. The results of this subsidiary are consolidated on a line-by-line basis. A separate statement of financial activities has not been presented for the charity alone. For 2020, the income for the Charity was £11,125k (2019: 10,972k) and result for the year was £1,080k (2019: £6k).

Donations

In the light of the financial surplus generated by the Charity in 2020, no donation from the EESC ESCP Europe was provided to cover possible net excess of expenditure over income during the year. This was in adequation with the set budget of the Charity for 2020.

In 2020, the EESC donation was therefore limited to providing rent-free facilities to the School, recognised at the Trustees’ best estimate of the value of such facilities. In 2020, this was estimated at £615k (2019: £500k).

Student fees and other educational income

Fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Income is deferred when it is received in advance for services to be provided in following periods.

Other income - reimbursements of Freeholder’s costs

The Charity is entitled to carry works on behalf of its Freeholder (the EESC) under the parameters of an Indemnity Deed. The Indemnity Deed stipulates the conditions under which the Charity is entitled to act on behalf of the Freeholder for any works which fall under the remit of the Freeholder (repairs and essential maintenance of the roofs, façades, windows and/or any other part of the main fabric of the building). Any cost incurred on behalf of the Freeholder are pre-validated by the Freeholder, contracted and paid by the Charity and recharged to the Freeholder at cost.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

1. Accounting policies (continued)

Expenditure

Expenditure is accounted for on an accruals basis. Support costs, which are overhead and other costs not directly attributable to particular functional activity categories, are apportioned over the relevant categories on the basis of management estimates of the amount attributable to that activity in the year, either by reference to staff time or space occupied, as appropriate. The irrecoverable element of VAT is included with the item of expense to which it relates.

Governance costs comprise the costs associated with constitutional and statutory requirements and include external audit fees and any legal advice for the Trustees.

Foreign currency transactions

Foreign currency exchange conversion is made at the rate ruling at the time of the transaction, or for balance sheet items at the average rate of the previous month using HMRC's website.

Fund accounting

Unrestricted funds – these are funds available to be used in accordance with the School's charitable objects at the discretion of the Trustees.

Tangible fixed assets

The freehold of the premises occupied by the Charity is owned by the EESC-ESCP Europe.

Tangible fixed assets are stated at cost less depreciation. The rates of depreciation of capital assets are as follows:

Office furniture and equipment	-	straight-line between three to five years
IT equipment	-	straight-line over three years
Freehold improvements	-	straight-line over five years for general upgrade and ten years for structural upgrade

Pension scheme

The School participates in Universities Superannuation Scheme (USS). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The School is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee benefits", the School therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the SOFA represents the contributions payable to the scheme. Since the School has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the School recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The latest actuarial valuation was carried out in March 2018 for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

As shown in USS Financial Management Plan reports at the end of April 2020 (which track progress, or otherwise, against the 2018 valuation's funding assumptions), the future service cost and deficit were tracking at 36.7% and £15.2bn respectively. Assets stood at £71.1bn – having fallen from £74bn in February to as low as £64.3bn in March 2020.

By the end of November 2020, the future service cost and deficit were tracking at 45.2% and £23.9bn respectively, while assets stood at £78.8bn.

Further information about the latest actuarial valuation of the Scheme is provided in note 12.a to the accounts.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

Pension scheme (continued)

The School's pension deficit liability at the end of 2020, based on the 2019 USS repayment plan, refers to the present value of deficit funding contributions that are committed to under the current schedule of contributions. At 31 December 2020, the value of the deficit as shown in the accounts is £1,403k (2019: £1,261k) (see note 12). The current schedule of contributions lasts until 2028 therefore the amount provided will be payable through normal pension contributions over that period. A discount rate of 0.28% (2019: 0.57%) and a salary inflation of 2% (2019: 2.5%) were actuarial factors used in the calculation of the revised pension deficit of the School end of 2020.

At 31 December 2020 the School had 75 active members participating in the scheme (2019: 60). The contribution rate payable by the institution was 21.1% of pensionable salaries.

During 2020, the total USS contributions paid by the School amounted to £594,859 (2019: £466,389) with a balance sheet liability of £89,924 at year end repaid in January 2021 (2019: £64,966).

Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis. See note 17.

Tax

As a registered charity, the School is exempt from corporation tax under the Corporation Tax Act 2010 or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes. No corporation tax charge has arisen in the School's subsidiary due to its ability to off-set its liability against previous year losses (2019: £nil).

Financial instruments

Financial assets and financial liabilities are recognised when the School becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company 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.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

Critical accounting judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations, the Trustees have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Revenue recognition

The Trustees acknowledge that the School derives the great majority of its income from student fees for courses and from the donation from the EESC. In doing so, the main risk surrounding income recognition is relating to the cut-off date, specifically for students whose programmes span across two calendar years. In making this judgement, management use the student course timetable to allocate revenues to the appropriate accounting period. A further critical accounting judgement relates to the recognition of the EESC donation to cover the pension deficit funding commitment in line with the expenditure of the funding commitment. This donation is derived from the calculations made through a pension modeller providing, at the end of each calendar year, the revised value of the pension deficit to be recognised in the School's financial statements.

Accounting estimates

Key management judgement is applied in the processing of accounting journals, preparation of the accounting estimates and accounting for significant or unusual transactions. Management ensures that there is a limited risk of override of controls through the implementation and careful monitoring of internal financial controls, clear segregation of duties and qualitative explanations provided to support the business rationale where significant transactions are of an unusual nature. With regards to the valuation of the donated gift in kind pertaining to the rent of the site, the Trustees use reference to the rateable value of the site as defined by the Camden Borough. This estimate, due to its variable nature, can change the value recognised in and out of the financial statements each year.

Provisions and accruals

On the PAYE historical dossier, the Trustees agreed at year end that the risk that current discussions held between tax authorities generate a liability was remote in the light of the slow progress made to date, the long period since the issue arose and the confidence of the team that the appropriate approach had been taken from the outset. The release of the historical provision was justified from the Trustees point of view and was processed as part of the closing of the 2020 accounts.

The calculation of the provision for pension deficit funding is based on the pension fund modellers provided to the School, using assumptions taken by USS Trustees. The School's estimates relate to salary increases, the percentage of future staff changes in the scheme and the discount rate.

In 2020, the School revised the assumptions related to the salary increases and discount rate, thus adjusting the overall value of the pension deficit in the statutory accounts by increasing the pension deficit provision by £141k. This adjustment was absorbed in full by the Charity in 2020 with no EESC matching asset being posted to the accounts to neutralise the effect of such adjustment on the net equity of the School. Note 12.a to the accounts provides more details about the actuarial assumptions taken for the purpose of the adjustment of the pension deficit in 2020.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

3. Donations

	2020 £	2019 £
Rent-free donation for the year	615,000	500,000
EESC net funding of the pension fund movement for the year	-	561,054
	<u>615,000</u>	<u>1,061,054</u>

4.a Student fees

	2020 £	2019 £
Masters' qualifications	6,104,094	4,894,573
Bachelor in Management (BIM)	2,710,421	2,107,042
Application fees	89,175	69,994
	<u>8,903,690</u>	<u>7,071,609</u>

4.b Details of fee income

	2020 £	2019 £
Fee income for taught awards (exclusive of VAT)	9,451,790	8,023,978
Fee income for research awards (exclusive of VAT)	171,974	222,368
Fee income from non-qualifying courses (exclusive of VAT)	303,576	514,905
	<u>9,927,340</u>	<u>8,761,251</u>

5.a Other educational income

	2020 £	2019 £
Income from funded research	171,974	222,368
Executive education income	788,496	1,400,970
Seminars and conferences	48,158	55,508
Job Retention Scheme / Furlough income	82,077	-
Other educational income	236,439	208,605
	<u>1,327,144</u>	<u>1,887,451</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

5.b Other income

	2020 £	2019 (*) £
Expenses recharged to clients	48,882	9,390
Reimbursement of Freeholder's costs	85,464	668,836
Other miscellaneous income	56,804	90,050
	<u>191,150</u>	<u>768,276</u>

(*) The 2019 other income as disclosed in the prior year signed accounts has been restated by £399,683k to reclassify the write back of a provision as a credit against expenditure rather than as a credit to other income.

6. Analysis of total expenditure

Charitable expenditure

	Staff costs £	Depreciation £	Direct costs (*) £	Support costs £	Total £
2020					
Charitable activities (*)	<u>6,190,299</u>	<u>264,014</u>	<u>3,412,504</u>	<u>420,035</u>	<u>10,286,852</u>
2019					
Charitable activities (*)	<u>6,209,759</u>	<u>199,158</u>	<u>4,105,050</u>	<u>300,922</u>	<u>10,814,889</u>

Direct costs

Direct costs consist of:

	2020 £	2019 (*) £
Personnel recharged	800,177	1,375,691
Premises	1,063,171	1,270,988
Administration of the School	387,653	360,439
Marketing and recruiting	899,938	952,906
Other	261,565	145,026
	<u>3,412,504</u>	<u>4,105,050</u>

(*) The 2019 direct costs within charitable activities as disclosed in the prior year signed accounts has been restated by £399,683k to reclassify the write back of a provision as a credit against expenditure rather than as a credit to other income. In 2020, there has been a further write back of a provision credited against expenditure of £194,080.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

6. Analysis of total expenditure (continued)

Support costs

Support costs consist of:

	2020	2019
	£	£
Finance – foreign exchange loss	15,936	47,990
Information technology	217,142	174,720
Governance costs	186,957	78,212
	<u>420,035</u>	<u>300,922</u>

Governance costs includes:

	2020	2019
	£	£
Legal and professional fees	48,915	16,258
Statutory fees (UCAS, QAA and CLA)	138,042	61,954
	<u>186,957</u>	<u>78,212</u>

Included in expenditure are the following:

	2020	2019
	£	£
Fees payable to the company's auditor for the audit of the company's accounts (inc. VAT)	33,840	28,800
Non-audit fees paid to the company's auditors (inc. VAT)	3,000	3,646
Fees payable to the company's auditor for the audit of the subsidiary's accounts (inc. VAT)	3,780	3,600
Depreciation	264,014	199,158
Operating lease rentals: plant & equipment	61,773	78,951
	<u>366,407</u>	<u>414,155</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

7. Analysis of staff costs

	2020	2019
	£	£
Wages and salaries	4,012,920	3,692,619
Social security costs	497,533	461,747
Pension costs	594,859	466,389
USS pension deficit adjustment	141,206	561,054
	<u>5,246,518</u>	<u>5,181,809</u>
Teaching fees invoiced	521,801	534,615
Temporary administration	212,751	207,456
Staff welfare costs	151,806	105,627
Recruitment and staff training costs	51,247	147,072
	<u>6,184,123</u>	<u>6,176,579</u>
Personnel recharged by ESCP EUROPE Paris	6,176	33,180
	<u>6,190,299</u>	<u>6,209,759</u>

The average monthly number of employees during the year was 121 (2019: 128) made up as follows:

	2020	2019
	No.	No.
Teaching	56	57
Administration	57	49
Student workers	8	22
	<u>121</u>	<u>128</u>

The Trustees did not receive any remuneration during the year (2019: £nil). No Trustee (2019: one) received any reimbursement for travel costs during the year.

In 2020, the School took advantage of the Furlough Scheme implemented by the government. A total of £82,077 was received from HMRC and reported under other educational income at the end of the year.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

7. Analysis of staff costs (continued)

The number of employees, excluding the UK Dean, employed by the School during the year whose basic salary is above £100k is:

	2020 No.	2019 No.
£100,000 - £104,999	-	1
£105,000 - £109,999	1	-
£110,000 - £114,999	2	1
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	1	1
£135,000 - £139,999	-	-
	4	3

In accordance with the OfS Accounts Direction, this data does not include any staff who joined or left during the year. Included below are the emoluments of the UK Dean of the School, Professor Simon Anthony Mercado:

	2020 £	2019 £
Basic salary	144,471	135,119
Pension contributions	30,483	26,431
Performance-related pay and other bonuses	14,400	10,728
Other taxable benefits		
- Subsidised accommodation	10,187	10,415
Non-taxable benefits		
- Living accommodation	2,368	2,842
	201,909	185,535

Salaries are stated gross, before deductions of pension contributions made under the School's pension plan.

The UK Dean is regarded as carrying representative status and is required, in accordance with his contract of employment, to live in School provided accommodation for more effective performance of his duties. The flat occupied by the UK Dean is part of the legacy of former students' residence area and is made up of two former bedrooms which have been joined up and refreshed cosmetically in 2015 before the Dean's arrival at the School. From this aspect, it does not represent a cost to the School's general funds. It is reported at the estimate annual income (net of costs) it could generate if let on the open market.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

7. Analysis of staff costs (continued)

Professor Simon Anthony Mercado – ESCP Europe Business School UK Dean

Simon Mercado was previously Deputy Dean of the Nottingham University and held senior leadership roles at the same institution including Head of International Affairs and External Relations. He continues in advisory roles for other leading business schools and management education bodies of international standing.

The UK Dean's complex set of responsibilities calls for a particular combination of qualities including strategic thinking and leadership, people management, problem solving and decision-making. These demonstrated competences and the Dean's effective market value as an experienced HE leader with both U.K. and European experience, were factors in determining his ongoing remuneration.

The UK Dean's performance objectives for the year are set by the Executive President of the ESCP Group on the advice of the remuneration committee of the School at the beginning of the calendar year. The Chair of the Board of Trustees / the Executive President of the ESCP Group undertake an annual performance review of the UK Dean against the objectives, the results of which are reported to the Remuneration Committee. The Committee uses this information as the basis for assessing progress against agreed outcomes at the end of the year.

The UK Dean's pay ratio, based on basic pay as a ratio of the median basic salary of all staff was 3.79 in 2020 (2019: 3.85). The total remuneration ratio (including accommodation) was 5.13 in 2020 (2019: 5.22). Basic salary and total remuneration are based on full-time equivalent pay for permanent and contract staff employed during 2020. Ancillary expenditures included the provision of housecleaning for a total of £2,368 (2019: £2,842).

Key management personnel remuneration (including pension contributions but excluding employer's NIC) in 2020 was £1,103,388 (2019: £1,575,031) in relation to 10 (2019: 20) staff members. Total employer's NIC paid in respect of key management personnel of the Charity for the year totalled £119,507.47 (2019: £197,386). No compensation for loss of office was paid to any key management personnel in 2020. The key management personnel are defined on page 12.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

8. Tangible fixed assets

Group and Company

	Freehold Improve- ments £	IT equipment £	Office furniture and equipment £	Total £
Cost				
At 1 January 2020	624,787	423,639	67,887	1,116,313
Additions	111,178	189,333	39,690	340,201
Disposals	-	(117,417)	(2,614)	(120,031)
At 31 December 2020	<u>735,965</u>	<u>495,555</u>	<u>104,963</u>	<u>1,336,483</u>
Accumulated depreciation				
At 1 January 2020	201,152	220,792	28,521	450,465
Charge for year	127,570	120,037	16,407	264,014
Disposals	-	(117,417)	(2,614)	(120,031)
At 31 December 2020	<u>328,722</u>	<u>223,412</u>	<u>42,314</u>	<u>594,448</u>
Net book value				
At 31 December 2020	<u>407,243</u>	<u>272,143</u>	<u>62,649</u>	<u>742,035</u>
At 31 December 2019	<u>423,635</u>	<u>202,847</u>	<u>39,366</u>	<u>665,848</u>

All assets are held for charitable purposes. The Trustees carry out impairment reviews when events or changes in circumstances indicate the need for such a review.

9. Investments

Company

	2020 £	2019 £
Investment in trading subsidiary	<u>1</u>	<u>1</u>

The School's Trading subsidiary, ESCP Europe Corporate Services Limited, carries out executive education and funded studies. Its company number is 07468929 and it is incorporated in the United Kingdom. The Company's objects are:

- to carry on business in executive education, training and conductors and commissioners of research;
- to make donations (whether by way of gift aid or otherwise), and/or to provide other forms of support to the School; and
- to promote the interests of the School in the global corporate business environment.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

9. Investments (continued)

The subsidiary had the following results in the year:

	2020 £	2019 £
Turnover	414,322	709,029
Expenditure	(339,883)	(591,718)
Profit before gift aid to the parent company	74,439	117,311
Gift aid	(74,439)	(117,311)
Profit after gift aid to the parent company	-	-
Assets	358,190	478,477
Liabilities	(358,190)	(478,477)
Net liabilities	-	-

10. Debtors

	2020		2019	
	Group £	Company £	Group £	Company £
Trade debtors	2,049,252	1,892,002	973,724	501,021
Prepayments and accrued income	460,515	538,319	303,918	480,437
Other debtors	50,700	22,389	164,265	55,789
Amounts due from subsidiary undertaking	-	150,598	-	153,567
Donation gift-aided by subsidiary undertaking	-	74,439	-	117,311
CCIR debtor (pension liability commitment)	1,261,409	1,261,409	1,261,409	1,261,409
	<u>3,821,876</u>	<u>3,939,156</u>	<u>2,703,316</u>	<u>2,569,534</u>

Notes to the financial statements
Year ended 31 December 2020

11. Creditors: amounts falling due within one year

	2020		2019	
	Group £	Company £	Group £	Company £
Trade creditors	402,905	271,315	820,091	504,138
Taxation and social security	152,393	152,393	157,711	157,711
Other creditors	125,189	125,189	337,211	337,211
Accruals and deferred income	3,111,420	3,109,858	1,418,088	1,457,607
EESC current account	-	-	164,394	164,394
	<u>3,791,907</u>	<u>3,658,755</u>	<u>2,897,495</u>	<u>2,621,061</u>

	2020		2019	
	Group £	Company £	Group £	Company £
Reconciliation of movement in deferred income				
Balance brought forward	1,272,148	1,135,148	936,101	936,101
Amount released to SOFA during the year	(1,272,148)	(1,135,148)	(936,101)	(936,101)
Amount deferred during the year	2,900,285	2,820,920	1,272,148	1,135,148
Balance carried forward	<u>2,900,285</u>	<u>2,820,920</u>	<u>1,272,148</u>	<u>1,135,148</u>

12.a Pension liability

USS latest valuation update

The latest available complete actuarial valuation of the Retirement Income Builder (defined benefit) component of USS is at 31st March 2018 (the valuation date), which was carried out using the projected unit method. A valuation as at 31st March 2020 is underway but not yet complete.

Since the School cannot identify its share of the USS Retirement Income Builder (defined benefit) component assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provisions was £67.3 billion, indicating a shortfall of £3.6 billion and a funding ratio of 95 per cent.

The key financial assumptions used in the 2018 valuation are described below. More detail is set out in USS Statement of Funding principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the fixed interest and index linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI + 0.14% reducing linearly to CPI - 0.73% Years 11-20: CPI + 2.52% reducing linearly to CPI + 1.55% by year 21 Years 21+: CPI + 1.55%

The main demographic assumptions used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2018 actuarial valuation. The mortality assumptions used in these figures are as follows:

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

12.a Pension liability (continued)

	2018 valuation
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 97.6% of SAPS 51NMA "light" for males and 102.7% of RFO0 for females
Future improvements to mortality	CMI_2017 with a smoothing parameter of 8.5 and a long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females

	2018 valuation	2017 valuation
Males currently aged 65 (years)	24.4	24.6
Females currently aged 65 (years)	25.9	26.1
Males currently aged 45 (years)	26.3	26.6
Females currently aged 45 (years)	27.7	27.9

A new deficit recovery plan was put in place as part of the 2018 valuation, which requires payment of 2 per cent of salaries over the period 1st October 2019 to 30th September 2021 at which point the rate will increase to 6 per cent. The 2020 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2020	2019
Discount rate	0.28%	0.57%
Pensionable salary growth	2%	2.5%

Sensitivity analysis

As set out in the accounting policies, there are some critical estimates made in assessing the obligation to fund the USS deficit. The sensitivity of the principal assumptions used to measure the USS deficit provision are set out below:

Change in assumptions at 31st December 2020	Approximate impact on deficit of £1.4m	Impact
	£'000	
0.25% pa decrease in discount rate	16	Increase
0.25% pa increase in salary inflation over duration	48	Increase
0.25% pa increase in salary inflation year 1 only	3	Increase
0.25% increase in staff changes over duration	16	Increase
0.25% increase in staff changes year 1 only	4	Increase
1% increase in deficit contributions	25	Increase

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

12.a Pension liability (continued)

Pension provision

At 31 December 2019, the value of the provision related to the USS pension deficit of the School was £1,261,409. In 2020, a net release of £49k was made against the previous year provision and asset. To reflect the increase in the level of contributions as imposed by USS to its member institutions in 2020, an additional provision of £190k was made against the SOFA thus bringing the net liability to a balance of £1,402k at year end, and the net EESC asset remaining at a balance of £1,261k.

Group and company	2020	2019
	£	£
At 1 January	1,261,409	700,354
Charged / (Released) to the SOFA	141,206	561,055
At 31 December	1,402,615	1,261,409

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2020

Reconciliation of the charge / (credit) made through the SOFA

	2020	2019
	£	£
Payments made during the year	(56,469)	(98,015)
Unwinding of discount	7,190	9,594
Adjustments	190,485	649,476
Total charged / (credited) to SOFA	<u>141,206</u>	<u>561,055</u>

12.b Creditors: amounts falling due after one year

Loan Financing Agreement

In September 2020, the School requested a five-year Loan Financing Agreement from its parent company the EESC with a view to assist with the financing of essential internal refurbishments which took place during the summer 2019. The total amount of the loan was agreed for an amount of £250,064, bearing an interest of 4% over the duration of the loan. At the end of the year, repayments of £50,013 for the principal of the loan and of £9,586 for the 2020 related interests was made, bringing the balance of the loan at £189,632 at year end.

	2020	2019
	£	£
Balance at the beginning of the year	<u>239,645</u>	<u>250,064</u>
Repayment during the year (principal)	(50,013)	(10,419)
Interests due at year end	-	-
Balance at the end of the year	<u>189,632</u>	<u>239,645</u>
Total charged to SOFA (interests)	9,586	2,084

12.c Consolidated reconciliation of net debt

	2020
	£
Net debt opening balance - 1 January 2020	1,046,509
Movement in cash and cash equivalent	870,389
Interests on borrowings	(9,586)
Net debt closing balance - 31 December 2020	1,907,312
Change in net debt	860,803

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Notes to the financial statements Year ended 31 December 2020

12.c Consolidated reconciliation of net debt (continued)

	2020 £	2019 £
<u>Analysis of net debt</u>		
Cash and cash equivalents	2,096,945	1,226,556
Borrowings: amount falling due within one year		
Unsecured loans	(50,012)	(50,012)
Borrowings: amount falling due after more than one year		
Unsecured loans	(139,621)	(189,633)
Net debt	1,907,312	986,911

12.d Financial instruments

<u>Financial assets</u>	Group 2020	Company 2020	Group 2019	Company 2019
Cash and cash equivalent	2,096,945	1,846,511	1,226,556	1,083,903
Trade debtors	2,049,252	1,892,002	973,724	501,021
<u>Financial liabilities</u>	Group 2020	Company 2020	Group 2019	Company 2019
Financial liabilities measured at amortised cost				
Loans	189,633	189,633	239,645	239,645
Trade creditors	402,905	271,315	820,090	504,138
Other creditors	277,583	277,583	494,922	494,922

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company 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.

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Notes to the financial statements Year ended 31 December 2020

13. Net assets of the charity

	Fixed assets/ Investments £	Net current assets £	Loan £	Provision s £	Fund balances £
2020					
Unrestricted funds	<u>742,036</u>	<u>2,126,912</u>	<u>(189,632)</u>	<u>(1,402,615)</u>	1,276,701
2019					
Unrestricted funds	<u>665,848</u>	<u>1,032,377</u>	<u>(239,645)</u>	<u>(1,261,409)</u>	<u>197,171</u>

14. Membership liability

In accordance with Clause (7) of the Charity's Memorandum of Association, every member of the Charity undertakes to contribute to the assets of the Charity in the event of the same being wound up while he, she or it remains a member or within 12 months afterwards, to pay one pound towards the costs of dissolution and the liabilities incurred by the Charity while he, she or it was a member.

The sole member of the Charity is the EESC ESCP Europe at 31 December 2020.

15. Related party transactions

Donation and fees were received from the EESC ESCP Europe during the year as follows:

	2020 £	2019 £
Provision of rent-free premises	615,000	500,000
Additional funding of the pension deficit by the EESC	-	561,055
Undergraduate programme fee income	2,710,421	2,107,042
Postgraduate programmes – Full-time Masters fee income	<u>4,242,534</u>	<u>3,326,585</u>

The following income and recharges of costs were also made in the year:

	Income/recharges		Debtor at 31 December	
	2020 £	2019 £	2020 £	2019 £
EESC ESCP EUROPE	7,565,755	6,605,902	361,438	121,378
ESCP EUROPE Madrid	35,982	64,769	22,902	25,472
ESCP EUROPE Berlin	123,689	130,737	11,833	24,208
ESCP EUROPE Turin	22,307	7,831	15,052	-
ESCP EUROPE Foundation	40,307	62,910	-	1,880
ESCP EUROPE Corporate Services Ltd	<u>233,832</u>	<u>372,239</u>	<u>225,037</u>	<u>270,878</u>

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Notes to the financial statements Year ended 31 December 2020

15. Related party transactions (continued)

The following costs were also incurred during the year:

	Costs		Creditor at 31 December	
	2020 £	2019 £	2020 £	2019 £
EESC ESCP EUROPE	197,316	294,528	23,889	225,842
ESCP EUROPE Berlin	7,513	42,109	-	5,222
ESCP EUROPE Madrid	-	47,212	-	29,837
ESCP EUROPE Torino	741	9,034	-	-
ESCP EUROPE Corporate Services Ltd	69,000	88,000	-	-

CCIR, ESCP EUROPE Paris, ESCP EUROPE Madrid, ESCP EUROPE Berlin and ESCP EUROPE Turin are related by virtue of common directors/Trustees, and CCIR is the sole member of each ESCP Europe campus.

16.1 Movements on funds

	At 1 January 2020 £	Income £	Expenditure £	At 31 December 2020 £
Unrestricted funds				
General fund	197,171	10,952,060	(9,731,324)	1,417,907
Pension funding	-	-	(141,206)	(141,206)
Unrestricted funds total	<u>197,171</u>	<u>10,952,060</u>	<u>(9,872,530)</u>	<u>1,276,701</u>
Total charity funds	197,171	10,952,060	(9,872,530)	1,276,701
Unrestricted funds				
ESCP Europe CS Ltd	1	414,322	(414,322)	1
Total group funds	<u>197,172</u>	<u>11,366,382</u>	<u>(10,286,852)</u>	<u>1,276,702</u>

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Notes to the financial statements Year ended 31 December 2020

16.2 Comparative movements on funds

	At 1 January 2019 £	Income (*) £	Expenditure (*) £	At 31 December 2019 £
Unrestricted funds				
General fund	190,747	9,551,229	(9,544,805)	197,171
Pension funding	-	561,055	(561,055)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds total	190,747	10,112,284	(10,105,860)	197,171
	<hr/>	<hr/>	<hr/>	<hr/>
Total charity funds	190,747	10,112,284	(10,105,860)	197,171
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds				
ESCP Europe CS Ltd	1	709,029	(709,029)	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total group funds	190,748	10,821,313	(10,814,889)	197,172
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(*) The 2019 other income and direct costs within charitable expenditure as disclosed in the prior year signed accounts have been restated by £399,683k to reclassify the write back of a provision as a credit against expenditure rather than as a credit to other income.

17. Financial commitments

Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases:

	2020 IT equipment £	2019 IT equipment £
Group and Charity		
- within one year	38,876	39,562
- between one and five years	148,810	101,492
	<hr/>	<hr/>
	187,686	141,054
	<hr/> <hr/>	<hr/> <hr/>

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Notes to the financial statements Year ended 31 December 2020

18. Net cash flows generated from/ (used in) operating activities

Reconciliation of net income to cash generated by/ (used in) operations:

	2020	2019
	£	£
Net income for the year	1,079,530	6,424
Adjustments for:		
Depreciation charges	264,014	199,158
Operating cash flow before movement in working capital	1,343,544	205,582
Increase in debtors	(1,118,560)	(581,710)
Increase in creditors	894,413	59,473
Increase / (decrease) in provisions	141,206	561,055
Cash generated by/(used in) operating activities	1,260,603	244,400

19. Ultimate parent undertaking

At 1 January 2018 the charitable company's ultimate parent undertaking entity was the CCIR which is a French semi-governmental body incorporated in France supporting French Regional Chambers of Commerce which purpose is to represent the interests and support the development of French commercial, industrial and services companies of the private sector in France.

On 2 January 2018, the EESC ESCP Europe substituted to the CCIR as the sole member of the Charity. It is the parent undertaking of the Charity from this point of view at the time of the signing of the 2019 statutory accounts.

The registered address of the EESC ESCP Europe is 3 rue Armand Moisant, Paris 75015, France.

