

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.

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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 **Feniot**

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

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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;

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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 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

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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.

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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).

ESCP Europe Business School

Trustees' Report incorporating Strategic Report

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.

Trustees' Report incorporating Strategic Report

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.

ESCP Europe Business School

Trustees' Report incorporating Strategic Report

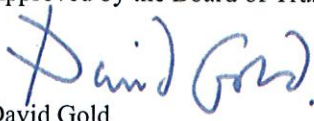
Independent Auditors

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 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.

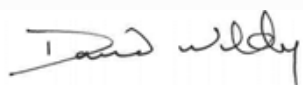
We have no matters to report arising from this responsibility.

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 Wilkey (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	<u>(3,650,554)</u>	<u>(4,078,421)</u>	<u>(3,650,554)</u>	<u>(4,078,421)</u>
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.

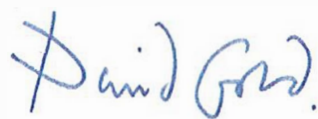
The financial statements of ESCP Europe Business School, registered number 1876779, were approved and authorised for issue by the Directors on 28th March 2023.

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.

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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

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

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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.

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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
Total fee income	<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>

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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>

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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	<u>62,662</u>	<u>64,511</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 No.	2021 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.

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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.

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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	1,160,644	443,402	118,214	1,722,260
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	497,162	344,806	68,198	910,166
Net book value				
At 31 December 2022	663,482	98,596	50,016	812,094
At 31 December 2021	702,665	140,116	48,272	891,053

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.

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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>

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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 Group £	Company £	2021 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;

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;

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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	<u>3,650,554</u>	<u>4,078,421</u>

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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	(427,867)	2,675,806

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

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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 2022 £	Company 2022 £	Group 2021 £	Company 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 2022 £	Company 2022 £	Group 2021 £	Company 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.

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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.

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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.

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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	(589,527)	11,253,424	(12,956,882)	(2,292,985)
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	(589,526)	11,810,466	(13,513,924)	(2,292,984)

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	1,276,701	12,183,452	(14,049,680)	(589,527)
Total charity funds	1,276,701	12,183,452	(14,049,680)	(589,527)
Unrestricted funds				
ESCP Europe CS Limited	1	375,789	(375,789)	1
Total group funds	1,276,702	12,559,241	(14,425,469)	(589,526)

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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 IT equipment £	2021 IT 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>611,241</u>	<u>1,575,978</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.