

Company Registration No. 1876779

Charity Registration No. 293027



ESCP Europe Business School

Annual Report and Financial Statements

31 December 2023

ESCP Europe Business School

Contents

Introduction	1
Company information	3
Trustees’ report	4
Independent auditors’ report	17
Consolidated statement of financial activities	20
Balance sheets	21
Consolidated cash flow statement	22
Note to the financial statements	23

ESCP Europe Business School

Introduction

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

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

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

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

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

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

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

The portfolio of educational offerings includes the following programmes:

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

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

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

ESCP Europe Business School

Introduction (continued)

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

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

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

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

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

ESCP Europe Business School

Report and financial statements 2023

Company information

Trustees

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

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

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

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

Rodney **Eastwood**

Laurent **Feniou**

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

Thomas **Jeanjean**

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

Joelle **Lellouche**

Laurence **Milsted** (*)

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

Damien **Savary**

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

(*) Member of the Audit & Risk Committee

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

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

Registration number: SIRET 824 644 587 00027

Website: www.escp.eu

Principal professional advisers

Bankers

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

Solicitors

Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN

Insurer

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

Chartered accountants and statutory auditors

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

ESCP Europe Business School

Trustees' Report

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

Reference and administrative information

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

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

Structure, governance and management

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

Governing Document

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

Governing Body

The Charity is governed by its Trustees.

Recruitment of Trustees

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

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

Organisational Management

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

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

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

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

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

ESCP Europe Business School

Trustees' Report

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

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

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

Risk Management and internal control

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

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

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

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

The Board of Trustees is also concerned that the Charity:

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

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

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

ESCP Europe Business School

Trustees' Report

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

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

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

System of internal control and financial statements

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

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

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

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

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

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

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

Charitable Objects

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

ESCP Europe Business School

Trustees' Report

Strategy

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

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

Stabilised growth

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

Integration into the UK Business Ecosystem

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

Creation of Social and Environmental Impact

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

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

Specialisations

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

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

ESCP Europe Business School

Trustees' Report

Principal activities of the year

Full Time Degree Education

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

The programmes included:

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

Part-Time Degree Education

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

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

External links

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

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

Research

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

Publications in listed Peer-Reviewed-Journals:

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

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

ESCP Europe Business School

Trustees' Report

Other research-related outputs include:

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

Sustainability

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

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

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

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

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

ESCP Europe Business School

Trustees' Report

Local resource

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

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

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

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

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

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

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

Public benefit statement

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

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

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

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

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

ESCP Europe Business School

Trustees' Report

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

Public Events

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

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

Cooperation with external organisations

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

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

Related Parties

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

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

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

ESCP Europe Business School

Trustees' Report

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

ESCP Europe Foundation

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

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

The ESCP Europe Alumni Association

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

Performance of the Charity

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

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

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

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

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

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

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

ESCP Europe Business School

Trustees' Report

Development objectives

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

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

The Charity continues to aim to:

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

Reserves policy

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

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

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

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

The Charity intends to create a Reserve policy in 2024.

Key management personnel and remuneration policy

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

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

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

ESCP Europe Business School

Trustees' Report

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

Financial review and results for the year

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

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

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

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

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

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

Going concern

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

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

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

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

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

ESCP Europe Business School

Trustees' Report

Independent Auditors

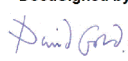
Each of the persons who is a trustee at the date of approval of this report confirm that:

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

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

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

David Gold

DocuSigned by:

92A833BDCF9844D...

Chairman of the Board of Trustees

31st May 2024

ESCP Europe Business School

Trustees' responsibilities statement

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019 version);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Report on the audit of the financial statements

Opinion

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

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

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Trustees' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Use of this report

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

Other required reporting

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

In our opinion, in all material respects:

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

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

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

We have no matters to report arising from this responsibility.

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



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

ESCP Europe Business School

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

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

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

ESCP Europe Business School

Balance sheets as at 31 December 2023

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

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

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

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

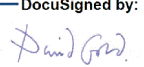
The financial statements of ESCP Europe Business School, registered number 1876779, on pages 20 to 44, were approved and authorised for issue by the Directors on 26th March 2024.

Signed on behalf of the Board of Directors

Trustee/Director

David Gold

31st May 2024

DocuSigned by:

 92A833BDCF9844D...

Trustee/Director

Leon Laulusa

31st May 2024

DocuSigned by:

 FF3E8A064BCD407...

ESCP Europe Business School

Consolidated cash flow statement Year ended 31 December 2023

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

1. Accounting policies

Basis of financial statements preparation

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

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

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

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

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

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

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

Donations

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

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

Student fees and other educational income

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

Other income

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

1. Accounting policies (continued)

Expenditure

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

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

Foreign currency transactions

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

Fund accounting

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

Tangible fixed assets

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

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

Building Improvements

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

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

IT equipment - straight-line over three years

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

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

Pension scheme

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

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

1. Accounting policies (continued)

Pension scheme (continued)

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

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

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

Operating leases

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

Tax

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

Financial instruments

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

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of the bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical accounting judgements in applying the Group's accounting policies

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

Accounting judgement

- Income recognition

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

- Valuation of donated rent-free facilities

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

- USS retirement benefit obligation

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

Accounting estimates

- Year-end Federal profit-sharing estimate

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

3. Donations

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

4.a Student fees

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

4.b Details of fee income

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

5.a Other educational income

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

5.b Other income

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

6. Expenditure

Total expenditure

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

Direct costs

Direct costs consist of:

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

6. Analysis of total expenditure (continued)

Support costs

Support costs consist of:

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

Governance costs include:

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

Included in expenditure are the following:

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

7. Analysis of staff costs

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

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

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

7. Analysis of staff costs (continued)

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

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

Key management pay

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

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

Emoluments of the UK Dean of the Charity

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

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

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

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

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

- *OfS pay ratios*

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

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

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

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

OfS pay ratios for the UK Dean, Professor Kamran Razmdoost

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

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

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

8. Tangible assets

Group and Company

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

9. Investments

Company

	2023 £	2022 £
Investment in trading subsidiary	1	1

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

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

The subsidiary had the following results in the year:

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

10. Debtors

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

11. Creditors: amounts falling due within one year

	2023		2022	
	Group £	Company £	Group £	Company £
Trade creditors	348,608	332,571	110,800	65,389
Taxation and social security	179,842	179,842	288,884	288,884
Other creditors	295,449	277,792	93,544	52,958
Amounts due to group undertakings - borrowings	211,024	211,024	78,584	78,584
Accruals and deferred income	4,480,638	4,368,738	4,145,293	4,080,434
EESC current account	-	-	36,978	36,978
Amounts due to group undertakings	128,720	128,720	678,022	676,144
	<u>5,644,281</u>	<u>5,498,687</u>	<u>5,432,105</u>	<u>5,279,371</u>

	2023		2022	
	Group £	Company £	Group £	Company £
Reconciliation of movement in deferred income				
Balance brought forward	3,389,867	3,364,081	2,077,326	2,077,326
Amount released to SOFA during the year	(3,389,867)	(3,364,081)	(2,077,326)	(2,077,326)
Amount deferred during the year	3,760,173	3,654,039	3,389,867	3,364,081
Balance carried forward	<u>3,760,173</u>	<u>3,654,039</u>	<u>3,389,867</u>	<u>3,364,081</u>

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

12.a Provision for pension scheme liability

USS 2023 valuation parameters

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

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

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

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

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

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

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

Pension provision

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

12.a Provision for pension scheme liability (continued)

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

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

12.b Creditors: amounts falling due after one year

Loans Financing Agreement

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

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

12.c Consolidated reconciliation of net debt

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

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

13. Net assets of the company

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

14. Membership liability

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

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

15. Related party transactions

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

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

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

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

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

The following costs were also incurred during the year:

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

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

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

16 Movements on funds

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

	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)

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

17. Financial commitments

Operating lease commitments

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

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

18. Net cash flows generated from operating activities

Reconciliation of net income to cash generated by operations:

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

19. Ultimate parent undertaking

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

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

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2023

20. Alternative performance measures

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

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

Consolidated statement of financial activities

(including consolidated income and expenditure account)

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