

Company Registration No. 1876779

Charity Registration No. 293027



ESCP Europe Business School

Annual Report and Financial Statements

31 December 2019

ESCP Europe Business School

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ESCP Europe Business School

Introduction

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

The London Campus (the “School” and/or the “Charity”) is a part of ESCP Europe, which is both a leading school of international management and a major European institution. ESCP Europe was founded in Paris in 1819 and since then has educated generations of leaders, contributing to the fine reputation it enjoys today. With six campuses across Europe – located in Paris, London, Berlin, Madrid, Warsaw and Turin – and over 100 academic alliances worldwide, ESCP Europe Business School prides itself on providing an international education with its heart in Europe.

ESCP Europe is one of the few institutions in the world that receives international accreditation from EQUIS, AACSB and AMBA.

Each year approximately 4,500 students representing 90 nationalities participate in ESCP Europe programmes across all six campuses. To support this large number of students, there are currently 125 full-time Faculty members and 50 affiliate Faculty members contributing their academic expertise across campuses. In addition, over 700 other working practitioners and visiting lecturers contribute to ESCP Europe’s programmes.

The portfolio includes the following programmes:

- Master in Management (MIM)
- Specialised Masters (20 full-time programmes)
- MBA in International Management
- EMBA Programme (European Executive MBA)
- Executive Specialised Masters (8 part-time programmes)
- Ph.D. Programme (Paris, Berlin, Torino)
- Bachelor in Management (BIM)

ESCP Europe is also committed to providing executive education alongside degree options. 35 custom and 30 open enrolment programmes are offered annually.

The quality of ESCP Europe’s higher education offer is recognised annually in the Financial Times Business Education Rankings. The School’s flagship Master in Management Programme is consistently ranked in the top ten in the world and ESCP Europe is ranked in the top five business schools in five of its six campus countries; the United Kingdom, France, Germany, Spain, and Italy.

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

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

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

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Coronavirus update

The recent outbreak of Coronavirus (COVID-19) is clearly concerning for the School and its community. Since the outbreak of the virus in the U.K., the School has been monitoring developments very closely in close connection with its federal centre. The safety and wellbeing of all of its students and staff has been its overriding priority.

The School successfully migrated all of its teaching activities online in record time mid-March 2020. It has enabled all of its academic and professional staff to operate remotely ensuring the continuity of its business in a context of national lockdown.

Inevitably, the true impact of the Coronavirus on the business is very difficult to assess at the time of printing of this report. The EESC's federal leadership team, along with each ESCP campus, is examining various scenarios with the necessary element of contingency planning. The structure of the academic year at ESCP (with most courses completing in April-May) limits the School's exposure in the short term although the near term loss or deferral of executive education business affects the group across its various locations. The School assumes its capacity to deliver the first term of the new academic year starting in September 2020. Its success with on-line provision in current period and institutional capacity for face-to-face and on-line instruction gives it broad confidence. Contingency plans are under preparation for full online, "hybrid", and in-class delivery. The School is recalibrating its academic calendars and is working with national authorities across jurisdictions in order to ensure the continuity of its offer and access to its programmes from a record number of applicants.

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Company information

Trustees

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

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

Jerome **Bedier**

Franck **Bournois**

Gilles **Cambournac**

Rodney **Eastwood**

Laurent **Feniou**

Valerie **Henriot** (*)

Joelle **Lellouche**

Laurence **Milsted** (*)

Yves **Portelli** (resigned 4 September 2019)

(*) Member of the Audit & Risk Committee

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

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

Website: www.escpeurope.eu

Principal professional advisers

Bankers

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

Solicitors

Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN

Insurer

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

Independent auditors

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

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Trustees' report (incorporating the Directors' Report)

The Trustees present their annual report, incorporating a Directors' report, for the year ended 31 December 2019 together with the audited accounts for the year. This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, including the exemption from preparing a strategic report.

Reference and administrative information

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

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

Structure, governance and management

Governing Document

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

Governing Body

The Charity is governed by its Trustees.

Recruitment of Trustees

The Charity's Trustees are appointed when appropriate on the basis of nominations received from Trustees. Trustees are selected on the basis of their knowledge in a specific field and the Trustee skill register is reviewed each year. Trustees are inducted by the Chairman with the support of the UK Campus Dean in London and the Dean of the School in Paris.

Organisational Management

The Trustees of the Charity are legally responsible for the overall management and control of the Charity, and meet three times a year, including the annual meeting to approve the budget and audited accounts.

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

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

The School is subject to the national (UK) framework for higher education provision. Prior to 2019, regulatory control has been exercised by a national quality assurance agency: the QAA. The School satisfied all QAA requirements as an alternative/private provider prior to 2019 and successfully registered as an HE provider with the newly formed Office for Students (OFS) in 2019, as part of the new regime for higher education management and regulation in the UK.

The School has a Senior Management Team (led by the Campus Dean) providing strategic and operational control of the business and administration side of the School and Campus within the parameters of the EESC governance model.

The School has a Faculty Leadership Team (led by the Campus Dean) providing strategic and operational control of the academic side of the School and Campus within the parameters of the EESC governance model.

Local governance mechanisms mean that there is a local subsidiary committee for specific ESCP Europe Committees. As such: ADG ("Academic Directors' Group") is a local subsidiary committee to the ETLC ("European Teaching and Learning Committee"); and LFAC ("London Faculty Advisory Committee") is a local subsidiary committee to EFAC

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("European Faculty Advisory Committee").

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

Risk Management

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

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

- the student recruitment levels do not fall below target;
- the School continues to recruit and retain high quality academics to maintain its reputation amongst students for the quality of its programmes;
- the School has the capacity and facilities to cope with the number of enrolled students;
- being a subsidiary of an EU-based shareholder (the EESC), the School seeks to mitigate the risk in specific areas such as staff recruitment/retention and student choice of campus extending from the recent exit of Great Britain from the EU on 31 January 2020 and other considerations; and that
- the School manages and mitigates the implications of the COVID-19 on the School's recruitment targets, teaching ability and overall financial strength in close connection with its Federal centre.

Mitigation of these risks is through regular management team meetings and termly Trustees' meetings typified by report on: student experience; student satisfaction; student recruitment; operational matters; staffing; and progress against financial objectives. Regular discussions are held with the Freeholder to allow the School to communicate and address the needs of the student population and the development of its estate.

As it relates to the management of the COVID-19 crisis, the School's priority remains to ensure the safety and well-being of its students and employees.

The School evoked its business resilience plans to successfully migrate all of its teaching activities within a week from mid-March 2020 and monitors daily the progress of the candidates' application rates to full-time programmes, surprisingly stronger than ever before. On the Executive Education front, the School is currently working on the migration of a number of programmes to online delivery whenever possible, taking into account a significant downturn in revenues for the rest of 2020 in its revised financial modelling.

Charitable Objects

The Charity's Objects, as set out in its Memorandum and Articles of Association, are the advancement of education in the science and practice of professional management in a European context. The Charity seeks to provide education and research in professional management and related subjects and to publish the useful results of such activity for public benefit. The Charity wholly owns ESCP Europe Corporate Services Ltd, the objects of which are to carry on business as providers of executive education and training. The performance of the subsidiary for 2019 is given in note 9 to the accounts.

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Strategy

The aims of the School (in London) are set against the Strategic/Business Plan of ESCP Europe for the period 2018-2022. In accordance with this, the objectives of the School in London have been organised in ten priority areas. These are split between the two central goals of “brand and size”.

SIZE

1. **Growth and diversification of revenue streams** in order to reduce the level of the overall operating subsidy.
2. A progressive increase in the **number of students** on campus with strict adherence to the School's selective approach to entry and admission.
3. An increase in the range and **choice of programmes** available for study, supporting ESCP Europe's commitments to **portfolio diversity** and **inter-campus mobility**.
4. The advancement of our **relationships with the corporate world and growth in** executive education provision.
5. Progressive expansion and modernisation of our facilities, including a programme of investment in the School's physical learning environments.

BRAND

6. The **enhancement of teaching and research excellence** through investment in faculty and their continued professional development.
7. The improvement of **employment prospects and career advancement** through focus on future leadership literacies and the competencies inherent in the ESCP Europe mission.
8. The enhancement of **brand awareness**, by improving the overall visibility of the School in the UK and English-speaking world.
9. The enhancement of the **School's community interaction**, by further strengthening the interaction between the School's community members (alumni, staff and students) and the communities in which the School operates.
10. Continuous improvements in **academic standards and quality assurance**, with full UK quality code compliance and adherence to our international accreditation standards.

Specialisations, esteem factors and milestones

Specialisations

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

- Marketing, Creativity & Analytics
- Digital Transformation
- Banking & Finance
- Energy Industries & Security
- Automotive Industries
- Consultancy & Professional Services

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Esteem Factors and Milestones

The rankings of ESCP Business School programmes translate into impressive UK market positioning.

FT Rankings for the EMBA; AMIF and MiM, place ESCP Europe within the top 3 in the U.K. for each programme category. Our Masters in Marketing and Creativity (MMK) was also ranked in year by QS as No.6 worldwide.

The School has also been shortlisted by the Times Higher Education Awards in three of the last six years for UK Business School of the Year. It achieved high commendation (2nd place) for the 2017 award, and was outright winner (1st place) for the 2018 award.

Principal activities of the year

Full Time Degree Education

This year, London delivered part of 12 different full-time degree awards to ~1,300 students including:

- the MBA, BSc, and MiM (federal programmes)
- the MMK, MEM and MIDITAL (local MSc programmes)
- the AMIF and five other visiting MS/MSc programmes

All completed a period of study on the London Campus ranging from one term to a full academic year.

Part Time Degree Education

Two successful EMS awards operated from the London Campus to ~50 participants including:

- the Executive Master in Energy Management (EMEM) and
- the Executive Master in Automation Management & Digital Transformation (EMMA).

London also provided various EMBA classes and workshops and the equivalent for a small set of visiting EMS awards.

In total, Executive Masters provision functions as a second key area of our activity with a significant revenue contribution added to the revenues of full-time programmes.

Executive Education (non-degree)

Complementing the School's degree-based education, executive education interventions applied for familiar European brands such as LVMH and Savencia. These bespoke and certificated programmes combine with other non-degree based interventions, including: short residential courses, master-classes, and company consultancy projects. London is also home to two business-facing Centres/Institutes receiving external support and funding. These are: the Centre for Marketing Creativity (CMC) and the Centre for Energy Management (CEM).

External links

In the year of account, the School has been an active member of the U.K.'s Chartered Association of Business Schools (CABS); the U.K. Parliament-Industry Trust (IPT); and the French Chamber of Commerce in Great Britain (CCFGB).

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Scholarship and Research

As an educational charity and an academic institution the London campus endeavours to publish books, articles and case studies that receive attention from academics, practitioners and the general public. Highlights for 2019 include:

Publications in listed Peer-Reviewed-Journals:

- 18 publications in ALPHA level and Category 1-3 PRJ journals;
- Several articles in lesser ranked and other non-ranked academic journals; and
- Several articles in professional magazines (INFO, SURVEY, Harvard Business Review France etc.).

Additionally, 50+ conference presentations from London faculty members took place in 2019 at national and international academic conferences including: AOM, SMS, BAM, EGOS, ANZAM, EURAM, EMAC and AMA).

Other research-related outputs include:

- Book publications and book chapter publications
- Editorials, Guest Editorships and Positions on Editorial Boards;
- Reviews and service to scientific communities; and
- Attendance/networking in professional conferences, appearances and awards in media, and posts in blogs and social media (e.g. Forbes, New Scientist, Popular Science, Daily Telegraph, The Times, the Evening Standard, The Herald, and City AM, LinkedIn, Markets and Money Advisory).

Local resource support

The operations of the London Campus are concentrated on a full-owned site in NW London providing ~4,500 sq.m. The School has been at this location since 2004. The current site has had two previous extensions and an extension of a temporary nature is at the design and planning stage and will see the possible relocation of students and library services to the newly created "Students Hub".

There has been progressive expansion in the human resource base at the School to reflect and support its growth. At the end of 2019, full-time faculty numbers are at 20, providing the core of academic support to students supplemented by over 50 affiliate and visiting faculty. This does not include the numerous instances of faculty contribution in London by faculty colleagues from sister campuses.

Just over 45 professional services staff members provide resource support and leadership in such areas as: finance, HR, marketing, data planning, IT, student services, communications and events.

With respect to its financial resources, the School in London now operates with an annual revenue of c. £11 million. The annual operating subsidy (excluding rent-free subsidy and funding of the pension deficit) received from the EESC fell from over £1m per annum in 2014 to a £0 subsidy for the first time in 2019.

Public benefit statement

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

The Trustees have given consideration to ensuring that ongoing public benefit is a part of the work of the School and recognise that scholarship awards are important in helping to ensure that students who would otherwise not be able to afford the fees can access the education offered by the School. Student applications for scholarship awards are available to all those who meet the general entry requirements of the School and are made on the basis of means. The availability of scholarships is advertised on the School website. The great majority of scholarships are offered to the students at

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Group level. Those in the School's accounts as a scholarship expenditure are for those scholarships granted by the London entity (2019: £80k / 2018: £100k).

Part of the Charity's funding comes from a donation from the EESC. This funding, together with the provision of rent-free facilities to the Charity by the EESC, allows the School to provide education at a lower cost than would otherwise be possible. This has been shown as a donation and detailed in note 3.

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

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

Public Events

ESCP Europe continued to organise a range of high calibre events in 2019, open to the School's students, alumni community and external guests. These included:

- our 'Rethinking Europe' series, including topical roundtables on the potential impact of Brexit on business and economy;
- our 'Tech Days' series focusing on the changing finance and industry landscape, frontier tech and the future of work;
- our Annual Student Gala (focused on student success and achievements);
- social events for our alumni, such as the Alumni & Friends Garden Party and Alumni Christmas Party;
- an exclusive Bicentenary Fundraising Gala, where the senior team of the School joined forces with the EESC Executive and ESCP Foundation; and
- various student challenges and competitions, including L'Oreal Big Picture, the Energy Trading Challenge and other examples.

Cooperation with external organisations

In 2019, the School partnered with a number of recognised universities or bodies, including:

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

Related Parties

Related parties include the trading entity, ESCP Europe Corporate Services Ltd, the EESC ESCP Europe, and the other ESCP Europe campuses. From the 2 January 2018, the EESC-ESCP Europe replaced the CCIR as the parent company of the Charity.

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

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ESCP Europe Foundation

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

To achieve its ambitions and financial targets, the Foundation seeks to raise contributions from corporate sources and Alumni via several fundraising campaigns. In 2019, the Foundation raised over £100k through the Charity on behalf of other campuses. All sums not specifically attributed to the London campus were payable to the Foundation at 31 December 2019.

The ESCP Europe Alumni Organisation

The ESCP Europe Alumni Organisation is a separate legal entity from the Business School itself. It is independent of the School and therefore is not consolidated into these financial statements. From a global population of c. 50,000 alumni worldwide, there are some 2,400 alumni in the UK. The School engages with them regularly through receptions, conferences, invitations to talk to students and to support students in finding internships and company projects.

Performance of the Charity

The quality of ESCP Business School's higher education is recognised annually in the Financial Times Business Education Rankings. The School's flagship Master in Management programme is consistently ranked in the top ten in the world, and ESCP Europe is ranked in the top five business schools in five of its six campus countries: United Kingdom, France, Germany, Spain and Italy.

2019 was a year of strengthening of the Charity's academic activities. Executive revenues for Executive masters were higher than the previous year due to the positive impact of the EMMA programme as well as of the trading activity improved revenues.

The Charity's trading subsidiary, ESCP Europe Corporate Services Ltd, produced an operating surplus for the year of £117k before a gift aided donation of the same amount to the Charity at year end (2018: £223k). Some business opportunities were deferred to 2020 due to the implications of Brexit pushing some corporate partners to postpone and reschedule the commissioning of Bespoke Executive Education at a later stage in 2020.

The fourth cohort of the three-year European Bachelor in Management was taught at the School from the beginning of the new academic year with a record number of students hitting the grounds of the London campus early September 2019 with 284 students (2018: 204 students).

The existing programmes continue to attract a growing number of students with further growth anticipated in 2020.

The Trustees are satisfied with the results of the Charity in 2019 in the context of continuing financial support from the EESC ESCP Europe covering a period of 12 months from the date of signing of the 2019 accounts.

Development objectives

In line with its strategic priorities, the School will continue to develop and execute its academic and business plans.

Significant development objectives for 2020 include (*):

- The introduction of specialisations on the existing full-time Masters in: Marketing (MMK), Energy Management (MEM), Digital Transformation Management & Leadership (MIDITAL).
- The introduction (in local terms) of significant reforms to the larger federal programmes of the School: MBA, EMBA, BSc and MiM.
- The enhancement and integration of its support services to students on all full-time degree awards.
- The digitalisation of student learning and experience with focus on curricula, pedagogy, and service offers.

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- Advancement of preparations for teaching degree awarding powers subsequent to OFS registration as a UKHE provider.
- The strengthening of executive education and corporate activity, pertaining to the Charity (Executive Masters) and its trading entity*.
- The modernisation and extension of Campus facilities, alongside significant estate maintenance activities (as commissioned by the EESC)*.

The School continues to aim to:

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

(*) in a context of COVID-19, the School anticipates downward activity levels in Executive Education and revised its financial forecast for 2020 accordingly. To protect the School's fiscal position for the rest of 2020, all significant investment plans (building infrastructure mostly) have been put on hold in agreement with the School's Freeholder and will be reassessed in 2021.

Reserves policy

Total unrestricted funds at the end of the current year were £197,172 (2018: £190,748).

The amount required in order to balance income and expenditure is agreed on an annual basis prior to the start of the year and received as a donation from the EESC. As a consequence, the School does not aim to retain a general reserve to cover costs involved in further developing its structure and any shortfall would be covered by the EESC ESCP Europe in the form of an operating donation.

In 2019, for the first time, the London campus generated a small financial surplus of £6k. In 2019, the level of donation from the EESC is therefore limited to the provision of the free-rent facility left unchanged from the previous year at £500k and to an increase of the value of the asset covering the USS pension provision at year end for £561k.

Since January 2018 letters of financial support were received from the EESC ESCP Europe, which confirmed that the EESC ESCP Europe would give the School further financial support in the case of a temporary cash requirement for a duration of at least 18 months from the date of signature of the financial statements. The EESC ESCP Europe confirmed that it would still be in a position to provide this support irrespective of COVID-19's implications on the School's activities.

Restricted Funds

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

Key management personnel and remuneration policy

Key management personnel of the School comprises of the School's director together with senior staff at director, department head and senior manager levels as well as faculty members with programme directorship responsibilities. The number of people included within key management in 2019 was 20 (2018: 20).

Key management personnel's remuneration policy, reviewed on a yearly basis by the School's Reward and Remuneration Committee, includes a number of criteria which are used for setting the compensation such as, but not

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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 or grade modifications.

Financial review and results for the year

On a consolidated basis, the total revenues of the School in 2019 have increased from £10.1m in 2018 to £11.2m in 2019. This was primarily due to:

- higher numbers of students in the BIM programme;
- the increase of the funding of the pension deficit by the EESC;
- the strengthening of the Executive Master in Automation (EMMA); and
- the gift aided donation of ESCP Europe Corporate Services Ltd at the end of the year.

Other revenues also included additional income from programmes shared with Paris on a short-term basis (AMIF in particular), the release of historical VAT provisions (£0.4m) and the reimbursement of Freeholder's costs (£0.6m).

The level of operational donation from the EESC, excluding rent, amounted to £0 in 2019 (2018: £95k), a small surplus of £6k having been generated in 2019 for the first time since the School's presence in the UK. The provision of rent-free premises from the EESC is recognised as a gift in kind of £500k (2018: £500k). EESC's financial commitment to support the School's liability for deficit funding of USS multi-employer pension scheme was increased in 2019 by £561k, from £700k to £1,261k to reflect the increase of the pension deficit funding contributions from 2% to 6% in 2019, underlying the value of the pension deficit of the School.

Those subsidies are shown as donations from the EESC in the Statement of Financial Activities and in note 3 to the accounts.

The expenditure for the year totalled £11.2m for 2019 (2018: £10.1m) with the variance primarily due to the higher variable direct costs incurred in relation to the higher numbers of students taught onsite in 2019.

The net consolidated result for the year is a net surplus of £6k (2018: £nil) after transfer of the gift-aided donation to the Charity.

In 2019, matching entries corresponding to a partial release of the provision and a partial release of the EESC debtor balance (£88k) were accounted for, with no net impact on the financial performance of the Charity. A complementary provision of £649k was made in 2019 to reflect the increase of the pension deficit funding contributions from 2% to 6% underlying the value of the pension deficit of the School with a matching asset in relation to the EESC's commitment to fund the pension deficit. At 31 December 2019, the value of the deficit in the statutory accounts is £1,261k.

Going concern

The Charity's financial position and performance has been outlined in the financial review above.

The School is supported by the EESC which despite the impact of COVID-19 has reiterated its continued support of the Charity and Trading subsidiary via the annual donation, provision of facilities, commitment to meet the liabilities due on USS and letters of financial support. EESC has also performed financial modelling of the impact of COVID-19 on its own activities and confirmed to the School that it has sufficient funds to continue to provide this support to the School as needed over the next 18 months.

The Trustees are mindful of the potential impacts of COVID-19 on the School and will endeavour to assist the School around the monitoring of the situation and of the mitigation actions to be implemented on the short and medium term basis.

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After making enquiries, including an assessment of the impact of COVID-19 on the School and Group and confirmation of continued financial support from EESC ESCP Europe over the next 18 months, the trustees have a reasonable expectation that the Charity has adequate resources to continue its activity for the foreseeable future.

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 29 April 2020
and signed on behalf of the Board

Lord Gold

A handwritten signature in blue ink, appearing to read 'David Gold'.

Chairman of Trustees

ESCP Europe Business School

Trustees' responsibilities statement

Statement of trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

Independent auditor's report to the members of ESCP Europe Business School

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's and company's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 Group and Company balance sheets as at 31 December 2019; 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 description of the 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 charitable 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

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

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

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.

Independent auditor's report to the members of ESCP Europe Business School (Continued)

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

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

Trustees' Annual Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of trustees' responsibilities set out on page 14, 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the 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.

Independent auditor's report to the members of ESCP Europe Business School (Continued)

Other required reporting

Companies Act 2006 exception reporting

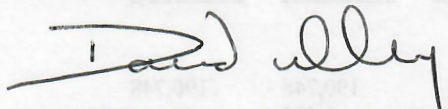
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Trustees were not entitled to: take advantage of the small companies' exemption in preparing the Trustees' Annual Report and take advantage of the small companies' exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



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

29 April 2020

ESCP Europe Business School

Consolidated statement of financial activities (including consolidated income and expenditure account) Year ended 31 December 2019

| | Note | Unrestricted funds £ | Total funds 2019 £ | Total funds 2018 £ |
|--|------|-------------------------|--------------------------|--------------------------|
| Income | | | | |
| Donations | 3 | 1,061,054 | 1,061,054 | 594,935 |
| Charitable activities | | | | |
| Student fees | 4 | 7,071,609 | 7,071,609 | 6,742,420 |
| Other educational income | 5.a | 1,887,451 | 1,887,451 | 2,316,756 |
| Investment income | | 32,923 | 32,923 | 39,944 |
| Other income | 5.b | 1,167,959 | 1,167,959 | 414,408 |
| Total income | | <u>11,220,996</u> | <u>11,220,996</u> | <u>10,108,463</u> |
| Expenditure | | | | |
| Charitable activities – provision of education | 6 | (11,214,572) | (11,214,572) | (10,108,463) |
| Total expenditure | | <u>(11,214,572)</u> | <u>(11,214,572)</u> | <u>(10,108,463)</u> |
| Net income for the year | | <u>6,424</u> | <u>6,424</u> | <u>-</u> |
| Net movement in funds | | <u>6,424</u> | <u>6,424</u> | <u>-</u> |
| Reconciliation of funds | | | | |
| Total funds brought forward | | 190,748 | 190,748 | 190,748 |
| Net movement in funds for the year | | 6,424 | 6,424 | - |
| Total funds carried forward | 16 | <u>197,172</u> | <u>197,172</u> | <u>190,748</u> |

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

ESCP Europe Business School

Balance sheets as at 31 December 2019

| | | Group 2019 | 2018 | Company 2019 | 2018 |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 8 | 665,848 | 471,880 | 665,848 | 471,880 |
| Investments | 9 | - | - | 1 | 1 |
| | | <u>665,848</u> | <u>471,880</u> | <u>665,849</u> | <u>471,881</u> |
| Current assets | | | | | |
| Debtors | 10 | 2,703,316 | 2,121,606 | 2,569,534 | 2,417,831 |
| Cash at bank and in hand | | <u>1,226,556</u> | <u>1,135,637</u> | <u>1,083,903</u> | <u>767,265</u> |
| | | 3,929,872 | 3,257,243 | 3,653,437 | 3,185,096 |
| Creditors: amounts falling due within one year | 11 | <u>(2,897,495)</u> | <u>(2,838,021)</u> | <u>(2,621,061)</u> | <u>(2,765,876)</u> |
| Net current assets | | <u>1,032,377</u> | <u>419,222</u> | <u>1,032,376</u> | <u>419,220</u> |
| Total assets less current liabilities | | <u>1,698,225</u> | <u>891,102</u> | <u>1,698,225</u> | <u>891,101</u> |
| Provision for pension scheme liability | 12.a | <u>(1,261,409)</u> | <u>(700,354)</u> | <u>(1,261,409)</u> | <u>(700,354)</u> |
| Creditors: amounts falling due after one year | 12.b | <u>(239,645)</u> | <u>-</u> | <u>(239,645)</u> | <u>-</u> |
| Net assets | | <u><u>197,172</u></u> | <u><u>190,748</u></u> | <u><u>197,171</u></u> | <u><u>190,747</u></u> |
| Funds | | | | | |
| Unrestricted funds: | | | | | |
| - General fund | | <u>197,172</u> | <u>190,748</u> | <u>197,171</u> | <u>190,747</u> |
| Total funds | 16 | <u><u>197,172</u></u> | <u><u>190,748</u></u> | <u><u>197,171</u></u> | <u><u>190,747</u></u> |

The net result of the parent Charity for the year for Companies Act purposes is £0 in 2019 (2018: £nil). As permitted by section 408 of the Companies Act 2006, no separate Statement of Financial Activities is presented in respect of the parent Charity.

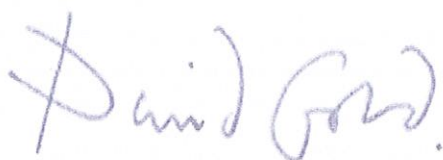
The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The notes on pages 21 to 37 form an integral part of these financial statements.

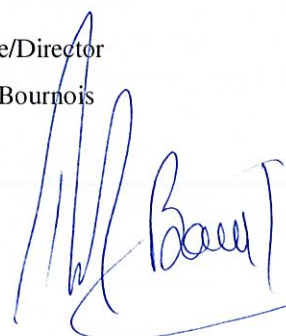
The financial statements of ESCP Europe Business School, registered number 1876779, were approved and authorised for issue by the Directors on **29 April 2020**.

Signed on behalf of the Board of Trustees.

Trustee/Director
David Gold



Trustee/Director
Frank Bournois



ESCP Europe Business School

Consolidated cash flow statement Year ended 31 December 2019

| | Note | Total funds 2019 £ | Total funds 2018 £ |
|---|-------------|---------------------------------------|---------------------------------------|
| Net cash flows generated from/(used in) operating activities | 18 | 244,400 | (151,496) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (393,126) | (290,744) |
| Cash flows from financing activities | | | |
| EESC financing loan | | 239,645 | - |
| Net increase / (decrease) in cash and cash equivalents | | 90,919 | (442,240) |
| Cash and cash equivalents at beginning of the year | | 1,135,637 | 1,577,877 |
| Cash and cash equivalents at the end of the year | | <u>1,226,556</u> | <u>1,135,637</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 2019

1. Accounting policies

Basis of accounts preparation

The financial statements have been prepared under the historical cost convention in accordance with the Statement of Recommended Practice “Accounting and Reporting by Charities (SORP 2015)” applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), the SORP bulletin 1, FRS102 including Section 1A; and the Companies Act 2006.

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 since 2015 of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

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

After making enquiries, the trustees have a reasonable expectation that the Charity has adequate resources to continue its activity for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. More information on the going concern assumption is given on page 12 in the Trustees’ report.

These accounts include the results of the subsidiary ESCP Europe Corporate Services Ltd. The results of this subsidiary are consolidated on a line-by-line basis. A separate statement of financial activities has not been presented for the charity alone. For 2019, the income for the Charity was £10,972k (2018: 9,834k) and result for the year was £6,424 (2018: £nil).

Donations

The donation from the EESC ESCP Europe has been provided to cover the expected net excess of expenditure over income during the year. This donation is calculated on the basis of the budget for a given year and recognised on a termly basis in the SOFA. At the end of the year, should the Charity be in a deficit, EESC ESCP Europe adjusts the level of the donation to offset the deficit.

Also included in the EESC donation is donated facilities of rent-free provision of the premises, which is recognised at the trustees’ best estimate of the value of the donated facilities. In 2019, this was £500k (2018: £500k).

Student fees and other educational income

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

Other income - reimbursements of Freeholder’s costs

The Charity is entitled to carry works on behalf of its Freeholder (the EESC) under the parameters of an Indemnity Deed. The Indemnity Deed stipulates the conditions under which the Charity is entitled to act on behalf of the Freeholder for any works which fall under the remit of the Freeholder (repairs and essential maintenance of the roofs, façades, windows and/or any other part of the main fabric of the building). Any cost incurred on behalf of the Freeholder are pre-validated by the Freeholder, contracted and paid by the Charity and recharged to the Freeholder at cost.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2019

1. Accounting policies (continued)

Expenditure

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

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

Foreign currency transactions

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

Fund accounting

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

Restricted funds – since end of 2015, the School does not hold any restricted funds in its accounts.

Tangible fixed assets

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

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

| | | |
|--------------------------------|---|--|
| Office furniture and equipment | - | straight-line between three to five years |
| IT equipment | - | straight-line over three years |
| Freehold improvements | - | straight-line over five years for general upgrade and ten years for structural upgrade |

Pension schemes

The School participates in Universities Superannuation Scheme (USS). With effect from 1 October 2016, the scheme changed from a defined benefit only pension scheme to a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The School is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS102 "Employee benefits", the School therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the SOFA represents the contributions payable to the scheme. Since the School has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the School recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

The latest complete actuarial valuation was carried out in March 2018 for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £63.7 billion and the value of the scheme's technical provision was £67.3 billion, indicating a shortfall of £3.6 billion and a funding ratio of 95%.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2019

1. Accounting policies (continued)

Pension schemes (continued)

The School's pension deficit liability at the end of 2019 refers to the present value of deficit funding contributions that are committed to under the current schedule of contributions. At 31 December 2019, the value of the deficit as shown in the accounts is 1,261k (2018: £700k) (see note 12). The current schedule of contributions lasts until 2028 therefore the amount provided will be payable through normal pension contributions over that period. A discount rate of 0.57% (2018: 1.37%) and a salary inflation of 2.5% (2018: 2.5%) were actuarial factors used in the calculation of the revised pension deficit of the School end of 2019.

At 31 December 2019 the School had 60 active members participating in the scheme (2018: 54). The contribution rate payable by the institution was 19.5% of pensionable salaries up to 1 April 2019 and 21.1% since 1 October 2019.

During 2019, the total USS contributions paid by the School amounted to £466,389 (2018: £465,134) with a balance sheet liability of £64,966 at year end repaid in January 2020 (2018: £nil).

Operating leases

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

Tax

As a registered charity, the School is exempt from corporation tax under the Corporation Tax Act 2010 or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes. No corporation tax charge has arisen in the School's subsidiary due to its ability to off-set its liability against previous year losses (2018: £nil).

Financial instruments

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

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

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical accounting judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations, the Trustees have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2019

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

Revenue recognition

The trustees acknowledge that the School derives the great majority of its income from student fees for courses and from the donation from the EESC. In doing so, the main risk surrounding income recognition is relating to the cut-off date, specifically for students whose programmes span across two calendar years. In making this judgement, management use the student course timetable to allocate revenues to the appropriate accounting period. A further critical accounting judgement relates to the recognition of the EESC donation to cover the pension deficit funding commitment in line with the expenditure of the funding commitment. This donation is derived from the calculations made through a pension modeller providing, at the end of each calendar year, the revised value of the pension deficit to be recognised in the School's financial statements.

Going concern

Letters of financial support are received each year from the EESC ESCP Europe to evidence financial support for the continuity of the operations of both the School and its trading subsidiary. The financial statements are based on the receipt of such letters prior to the completion of the statutory accounts.

The School is supported by the EESC which has reiterated its continual support of the Charity and its Trading subsidiary via the annual donation and letters of financial support. As such, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Accounting estimates

Key management judgement is applied in the processing of accounting journals, preparation of the accounting estimates and accounting for significant or unusual transactions. Management ensures that there is a limited risk of override of controls through the implementation and careful monitoring of internal financial controls, clear segregation of duties and qualitative explanations provided to support the business rationale where significant transactions are of an unusual nature.

Provisions and accruals

Further to the finalisation of the historical VAT matters with HMRC early in 2019, the School released the related provision of £114k in its accounts during the year. After confirming to HMRC its position on the other VAT matters as raised in 2018, the School released the provision constituted at the time, thus impacting positively its financial performance by £285k.

With regards to the PAYE provision booked in the accounts since 2012, no changes were made in the current year since HMRC have not yet finalised their position on the disclosure made by the School at the time. The School, assisted by the Federal legal team, is still discussing the matter with HMRC and hopes to settle the matter in 2020.

The calculation of the provision for pension deficit funding is based on the pension fund modellers provided to the School, using assumptions taken by USS Trustees. The School's estimates relate to salary increases, the percentage of staff changes in the scheme from 2015 to 2028 and the discount rate.

In 2019, the School revised the assumptions related to the salary increases and discount rate, thus adjusting the overall value of the pension deficit in the statutory accounts by increasing the pension deficit provision by £649k, an EESC matching asset being posted to the accounts to neutralise the effect of such adjustment on the net equity of the School.

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2019

3. Donations

| | 2019 £ | 2018 £ |
|--|------------------|----------------|
| EESC operating donation for the year | - | 124,708 |
| Rent-free donation for the year | 500,000 | 500,000 |
| EESC net funding of the pension fund movement for the year | 561,054 | (29,773) |
| | <u>1,061,054</u> | <u>594,935</u> |

4. Student fees

| | 2019 £ | 2018 £ |
|------------------------------|------------------|------------------|
| Masters' qualifications | 4,894,573 | 5,198,490 |
| Bachelor in Management (BIM) | 2,107,042 | 1,496,500 |
| Application fees | 69,994 | 47,430 |
| | <u>7,071,609</u> | <u>6,742,420</u> |

5.a Other educational income

| | 2019 £ | 2018 £ |
|-----------------------------|------------------|------------------|
| Income from funded research | 222,368 | 209,780 |
| Executive education income | 1,400,970 | 1,654,445 |
| Seminars and conferences | 55,508 | 101,581 |
| Other educational income | 208,605 | 350,950 |
| | <u>1,887,451</u> | <u>2,316,756</u> |

5.b Other income

| | 2019 £ | 2018 £ |
|--------------------------------------|------------------|----------------|
| Expenses recharged to clients | 9,390 | 158,116 |
| Reimbursement of Freeholder's costs | 668,836 | 125,223 |
| Release of historical VAT provisions | 400,233 | - |
| Expenses recharges to Torino campus | - | 95,978 |
| Other miscellaneous income | 89,500 | 35,091 |
| | <u>1,167,959</u> | <u>414,408</u> |

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2019

6. Analysis of total expenditure

Charitable expenditure

| | Staff costs £ | Depreciation £ | Direct costs £ | Support costs £ | Total £ |
|-----------------------|------------------|-------------------|----------------------|-----------------------|-------------------|
| 2019 | | | | | |
| Charitable activities | <u>6,209,759</u> | <u>199,158</u> | <u>4,504,733</u> | <u>300,922</u> | <u>11,214,572</u> |
| 2018 | | | | | |
| Charitable activities | <u>5,584,621</u> | <u>135,968</u> | <u>4,128,602</u> | <u>259,272</u> | <u>10,108,463</u> |

Direct costs

Direct costs consist of:

| | 2019 | 2018 |
|------------------------------|------------------|------------------|
| | £ | £ |
| Personnel recharged | 1,375,691 | 1,272,797 |
| Premises | 1,270,988 | 940,469 |
| Administration of the School | 360,439 | 537,763 |
| Marketing and recruiting | 952,906 | 974,515 |
| Other | <u>544,709</u> | <u>403,058</u> |
| | <u>4,504,733</u> | <u>4,128,602</u> |

Support costs

Support costs consist of:

| | 2019 | 2018 |
|---------------------------------|----------------|----------------|
| | £ | £ |
| Finance – foreign exchange loss | 47,990 | 2,011 |
| Information technology | 174,720 | 165,154 |
| Governance costs | <u>78,212</u> | <u>92,107</u> |
| | <u>300,922</u> | <u>259,272</u> |

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Notes to the financial statements Year ended 31 December 2019

6. Analysis of total expenditure (continued)

Governance costs includes:

| | 2019 | 2018 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Legal and professional fees | 16,258 | 68,642 |
| Statutory fees (UCAS, QAA and CLA) | 61,954 | 23,465 |
| | <u>78,212</u> | <u>92,107</u> |

Included in expenditure are the following:

| | 2019 | 2018 |
|---|---------------|---------------|
| | £ | £ |
| Fees payable to the company's auditor for the audit of the company's accounts (inc. VAT) | 28,800 | 27,521 |
| Fees payable to the company's auditor for the audit of the subsidiary's accounts (inc. VAT) | 3,600 | 2,183 |
| Depreciation | 199,158 | 135,968 |
| Operating lease rentals: plant & equipment | <u>78,951</u> | <u>71,438</u> |

7. Analysis of staff costs

| | 2019 | 2018 |
|--|-------------------------|-------------------------|
| | £ | £ |
| Wages and salaries | 3,692,619 | 3,494,177 |
| Social security costs | 461,747 | 429,919 |
| Pension costs | 466,389 | 465,134 |
| Pension deficit adjustment | 561,054 | (29,773) |
| | <u>5,181,809</u> | <u>4,359,457</u> |
| Teaching fees invoiced | 534,615 | 494,043 |
| Temporary administration | 207,456 | 312,039 |
| Staff welfare costs | 105,627 | 96,641 |
| Recruitment and staff training costs | <u>147,072</u> | <u>102,361</u> |
| | 6,176,579 | 5,364,541 |
| Personnel recharged by ESCP EUROPE Paris | <u>33,180</u> | <u>220,080</u> |
| Total staff costs | <u><u>6,209,759</u></u> | <u><u>5,584,621</u></u> |

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Notes to the financial statements Year ended 31 December 2019

7. Analysis of staff costs (continued)

The average monthly number of employees during the year was 128 (2018: 121) made up as follows:

| | 2019 No. | 2018 No. |
|-----------------|-------------|-------------|
| Teaching | 57 | 54 |
| Administration | 49 | 39 |
| Student workers | 22 | 28 |
| | <u>128</u> | <u>121</u> |

The Trustees did not receive any remuneration during the year (2018: £nil). One Trustee (2018: nil) received a reimbursement for travel costs incurred to European Boards during the year for an amount of £662.55.

The number of employees whose emoluments exceeded £60,000 was:

| | 2019 No. | 2018 No. |
|---------------------|-------------|-------------|
| £60,000 - £69,999 | 2 | 4 |
| £70,000 - £79,999 | 3 | 4 |
| £80,000 - £89,999 | 5 | 3 |
| £90,000 - £99,999 | 5 | 4 |
| £100,000 - £109,999 | 1 | 2 |
| £110,000 - £119,999 | 1 | - |
| £120,000 - £129,999 | - | 1 |
| £130,000 - £139,999 | 1 | 1 |
| £140,000 - £149,999 | 1 | 1 |
| | <u>19</u> | <u>20</u> |

Key management personnel remuneration (including pension contributions but excluding employer's NIC) in 2019 was £1,575,031 (2018: £1,617,733) in relation to 20 (2018: 20) staff members. Total employer's NIC paid in respect of key management personnel of the Charity for the year totalled £197,386 (2018: £211,558). The key management personnel are defined on page 11.

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Notes to the financial statements Year ended 31 December 2019

8. Tangible fixed assets

Group and Company

| | Freehold Improve- ments £ | IT equipment £ | Office furniture and equipment £ | Total £ |
|---------------------------------|------------------------------------|----------------------|--|------------|
| Cost | | | | |
| At 1 January 2019 | 401,641 | 285,203 | 56,911 | 743,755 |
| Additions | 223,146 | 159,004 | 10,976 | 393,126 |
| Disposals | - | (20,568) | - | (20,568) |
| At 31 December 2019 | 624,787 | 423,639 | 67,887 | 1,116,313 |
| Accumulated depreciation | | | | |
| At 1 January 2019 | 112,055 | 144,045 | 15,775 | 271,875 |
| Charge for year | 89,097 | 97,315 | 12,746 | 199,158 |
| Disposals | - | (20,568) | - | (20,568) |
| At 31 December 2019 | 201,152 | 220,792 | 28,521 | 450,465 |
| Net book value | | | | |
| At 31 December 2019 | 423,635 | 202,847 | 39,366 | 665,848 |
| At 31 December 2018 | 289,587 | 141,158 | 41,135 | 471,880 |

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

9. Investments

Company

| | 2019 £ | 2018 £ |
|----------------------------------|-----------|-----------|
| Investment in trading subsidiary | 1 | 1 |

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

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

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Notes to the financial statements Year ended 31 December 2019

9. Investments (continued)

The subsidiary had the following results in the year:

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Turnover | 709,029 | 917,761 |
| Expenditure | (591,718) | (694,777) |
| Profit before gift aid to the parent company | 117,311 | 222,984 |
| Gift aid | (117,311) | (222,984) |
| Profit after gift aid to the parent company | - | - |
| Assets | 478,477 | 439,494 |
| Liabilities | (478,477) | (439,494) |
| Net liabilities | - | - |

10. Debtors

| | 2019 Group £ | 2019 Company £ | 2018 Group £ | 2018 Company £ |
|---|--------------------|----------------------|--------------------|----------------------|
| Trade debtors | 973,724 | 501,021 | 992,992 | 622,408 |
| Prepayments and accrued income | 303,918 | 480,437 | 324,634 | 626,880 |
| Other debtors | 164,265 | 55,789 | 103,626 | 31,459 |
| Amounts due from subsidiary undertaking | - | 153,567 | - | 213,745 |
| Donation gift-aided by subsidiary undertaking | - | 117,311 | - | 222,985 |
| CCIR debtor (pension liability commitment) | 1,261,409 | 1,261,409 | 700,354 | 700,354 |
| | 2,703,316 | 2,569,534 | 2,121,606 | 2,417,831 |

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Notes to the financial statements Year ended 31 December 2019

11. Creditors: amounts falling due within one year

| | 2019 | | 2018 | |
|--|--------------------|------------------|--------------------|------------------|
| | Group £ | Company £ | Group £ | Company £ |
| Trade creditors | 820,091 | 504,138 | 816,497 | 442,106 |
| Taxation and social security | 157,711 | 157,711 | 150,693 | 150,693 |
| Other creditors | 337,211 | 337,211 | 618,901 | 618,900 |
| Accruals and deferred income | 1,418,088 | 1,457,607 | 1,182,076 | 1,484,322 |
| EESC current account | 164,394 | 164,394 | 69,854 | 69,855 |
| | <u>2,897,495</u> | <u>2,621,061</u> | <u>2,838,021</u> | <u>2,765,876</u> |
| | | | | |
| | 2019 Group £ | Company £ | 2018 Group £ | Company £ |
| Reconciliation of movement in deferred income | | | | |
| Balance brought forward | 936,101 | 936,101 | 1,000,457 | 1,000,457 |
| Amount released to SOFA during the year | (936,101) | (936,101) | (1,000,457) | (1,000,457) |
| Amount deferred during the year | 1,272,148 | 1,135,148 | 936,101 | 936,101 |
| Balance carried forward | <u>1,272,148</u> | <u>1,135,148</u> | <u>936,101</u> | <u>936,101</u> |

12.a Pension liability and Loan Financing Agreement

Pension provision

In the light of the recent valuation of the pension deficit by USS Trustees, the scheme requested that all member institutions declare in their financial statements the value of their share of the deficit at year end. At 31 December 2018, the value of the provision related to the USS pension deficit of the School was £700,354.

In 2019, a net release of £88k was made against the previous year provision and asset.

To reflect the increase in the level of contributions as imposed by USS to its member institutions in 2019, an additional provision and asset of £649k was made against the SOFA thus bringing the net liability and asset to a balance of £1,261k at year end.

| Group and company | 2019 £ | 2018 £ |
|----------------------------------|------------------|----------------|
| At 1 January | 700,354 | 730,127 |
| Charged / (Released) to the SOFA | 561,055 | (29,773) |
| At 31 December | <u>1,261,409</u> | <u>700,354</u> |

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Notes to the financial statements Year ended 31 December 2019

12.a Pension liability and Loan Financing Agreement (continued)

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

| | 2019 £ | 2018 £ |
|---|----------------|-----------------|
| Payments made during the year | (98,015) | (54,266) |
| Unwinding of discount | 9,594 | 10,587 |
| Adjustments | 649,476 | 13,906 |
| Total charged / (credited) to SOFA | 561,055 | (29,773) |

12.b Creditors: amounts falling due after one year

Loan Financing Agreement

In September 2019, the School requested a five-year Loan Financing Agreement from its parent company the EESC with a view to assist with the financing of essential internal refurbishments which took place during the summer 2019. The total amount of the loan was agreed for an amount of £250,064, bearing an interest of 4% over the duration of the loan. At the end of the year, repayments of £10,419 for the principal of the loan and of £2,084 for the 2019 related interests was made, bringing the balance of the loan at £239,645 at year end.

| | 2019 £ | 2018 £ |
|---------------------------------------|-----------------------|-----------|
| Loan Financing Agreement | 250,064 | - |
| Repayment during the year (principal) | (10,419) | - |
| Interests due at year end | - | - |
| Balance at the end of the year | <u>239,645</u> | - |
| Total charged to SOFA (interests) | 2,084 | - |

13. Net assets of the charity

| | Fixed assets £ | Net current assets £ | Loan £ | Provision s £ | Fund balances £ |
|--------------------|----------------------|-------------------------------|------------------|---------------------|-----------------------|
| 2019 | | | | | |
| Unrestricted funds | <u>665,848</u> | <u>1,032,377</u> | <u>(239,645)</u> | <u>(1,261,409)</u> | <u>197,171</u> |
| 2018 | | | | | |
| Unrestricted funds | <u>471,880</u> | <u>419,221</u> | <u>(-)</u> | <u>(700,354)</u> | <u>190,747</u> |

ESCP Europe Business School

Notes to the financial statements Year ended 31 December 2019

14. Membership liability

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

The sole member of the Charity is the EESC ESCP Europe at 31 December 2019.

15. Related party transactions

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

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Operational donation from EESC | - | 124,708 |
| Provision of rent-free premises | 500,000 | 500,000 |
| Additional funding of the pension deficit by the EESC | 561,055 | (29,773) |
| Undergraduate programme fee income | 2,107,042 | 1,496,500 |
| Postgraduate programmes – Full-time Masters fee income | 3,326,585 | 3,754,600 |

The following income and recharges of costs were also made in the year:

| | Income/recharges | | Debtor at 31 December | |
|------------------------------------|------------------|-----------|-----------------------|-----------|
| | 2019 £ | 2018 £ | 2019 £ | 2018 £ |
| EESC ESCP EUROPE | 6,605,902 | 6,578,090 | 121,378 | 957,399 |
| ESCP EUROPE Madrid | 64,769 | 76,467 | 25,472 | 14,258 |
| ESCP EUROPE Berlin | 130,737 | 25,260 | 24,208 | 30,443 |
| ESCP EUROPE Turin | 7,831 | 102,571 | - | 94,917 |
| ESCP EUROPE Foundation | 62,910 | 76,873 | 1,880 | 74,056 |
| ESCP EUROPE Corporate Services Ltd | 372,239 | 643,526 | 270,878 | 436,460 |
| ESCP EUROPE Alumni Association | - | 2,595 | - | 365 |

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Notes to the financial statements Year ended 31 December 2019

The following costs were also incurred during the year:

| | Costs | | Creditor at 31 December | |
|------------------------------------|-------------------|-------------------|-------------------------|-------------------|
| | 2019 £ | 2018 £ | 2019 £ | 2018 £ |
| EESC ESCP EUROPE | 294,528 | 336,188 | 225,842 | 114,735 |
| ESCP EUROPE Berlin | 42,109 | 23,834 | 5,222 | 15,378 |
| ESCP EUROPE Madrid | 47,212 | 18,967 | 29,837 | 18,967 |
| ESCP EUROPE Torino | 9,034 | 7,700 | - | 7,700 |
| ESCP EUROPE Corporate Services Ltd | 88,000 | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

CCIR, ESCP EUROPE Paris, ESCP EUROPE Madrid, ESCP EUROPE Berlin and ESCP EUROPE Turin are related by virtue of common directors/trustees, and CCIR is the sole member of each ESCP Europe campus.

16. Movements on funds

| | At 1 January 2019 £ | Income £ | Expenditure £ | At 31 December 2019 £ |
|---------------------------------|------------------------------|-------------------|-------------------|--------------------------------|
| Unrestricted funds | | | | |
| General fund | 190,747 | 9,950,912 | (9,944,488) | 197,171 |
| Pension funding | - | 561,055 | (561,055) | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Unrestricted funds total | 190,747 | 10,511,967 | (10,505,543) | 197,171 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total charity funds | 190,747 | 10,511,967 | (10,505,543) | 197,171 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Unrestricted funds | | | | |
| ESCP Europe CS Ltd | 1 | 709,029 | (709,029) | 1 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total group funds | 190,748 | 11,220,996 | (11,214,572) | 197,172 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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Notes to the financial statements Year ended 31 December 2019

| | At 1 January 2018 £ | Income £ | Expenditure £ | At 31 December 2018 £ |
|---------------------------------|---------------------------|-------------------|---------------------|--------------------------------|
| Unrestricted funds | | | | |
| General fund | 190,747 | 9,160,929 | (9,160,929) | 190,747 |
| Pension funding | - | 29,773 | (29,773) | - |
| Unrestricted funds total | <u>190,747</u> | <u>9,190,702</u> | <u>(9,190,702)</u> | <u>190,747</u> |
| Total charity funds | 190,747 | 9,190,702 | (9,190,702) | 190,747 |
| Unrestricted funds | | | | |
| ESCP Europe CS Ltd | 1 | 917,761 | (917,761) | 1 |
| Total group funds | <u>190,748</u> | <u>10,108,463</u> | <u>(10,108,463)</u> | <u>190,748</u> |

17. Financial commitments

Operating lease commitments

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

| | 2019 IT equipment £ | 2018 IT equipment £ |
|------------------------------|------------------------------|------------------------------|
| Group and Charity | | |
| - within one year | 39,562 | 48,854 |
| - between one and five years | 101,492 | 107,645 |
| | <u>141,054</u> | <u>156,499</u> |

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Notes to the financial statements Year ended 31 December 2019

18. Net cash flows generated from/(used in) operating activities

Reconciliation of net income to cash generated by/ (used in) operations:

| | 2019 £ | 2018 £ |
|---|----------------|------------------|
| Net income for the year | 6,424 | - |
| Adjustments for: | | |
| Depreciation charges | 199,158 | 135,968 |
| Operating cash flow before movement in working capital | 205,582 | 135,968 |
| Increase in debtors | (581,710) | (360,213) |
| Increase in creditors | 59,473 | 102,522 |
| Increase / (decrease) in provisions | 561,055 | (29,773) |
| Cash generated by/(used in) operating activities | 244,400 | (151,496) |

19. Ultimate parent undertaking

At 1 January 2018 the charitable company's ultimate parent undertaking entity was the CCIR which is a French semi-governmental body incorporated in France supporting French Regional Chambers of Commerce which purpose is to represent the interests and support the development of French commercial, industrial and services companies of the private sector in France.

On 2 January 2018, the EESC ESCP Europe substituted to the CCIR as the sole member of the Charity. It is the parent undertaking of the Charity from this point of view at the time of the signing of the 2019 statutory accounts.

The registered address of the EESC ESCP Europe is 3 rue Armand Moisant, Paris 75015, France.

20. Post Balance Sheet Event

The outbreak of novel coronavirus (COVID-19) in early 2020 has affected business and economic activity around the world.

We consider the outbreak to be a non-adjusting post balance sheet event as at 31 December 2019.

Given the spread of the coronavirus, the range of potential outcomes for the global economy are difficult to predict at this point in time. Possible outcomes range from successful virus containment and minor short-term impact, to a

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prolonged global contagion resulting in potential recession. At the same time, there are a number of policy and fiscal responses emerging in the UK and across the globe to mitigate potential negative economic impacts.

When it comes to the School, we are monitoring COVID-19 outbreak developments closely and following government and World Health Organisation guidance. We have been implementing contingency plans to mitigate the potential adverse impact on the School's students, employees and operations.

At this date we are not able to quantify the financial effect to the School, but it could result in a possible change:

- of the delivery methodology of the classes (full online teaching, blended teaching as opposed to face to face teaching at the beginning of the next 2020/2021 academic year);
- a possible drop in student recruitment/attendance early September 2020 and in other educational income such as executive education leading in a drop in those revenue streams (possibly up to 50% reduction in the turnover of the Trading entity anticipated for 2020);
- a likely increase in contributions required for the USS pension scheme when the next valuation is completed; and
- a possible increase in the cashflow support required from the School's parent EESC ESCP Europe in case of any cash shortfall for the Charity in 2020.