

# Finances & Endowment

## Finances

As an independent, not-for-profit institution, INSEAD must generate income to sustain our continued academic excellence.

The main source of the school's revenues is tuition, but we also rely on donations, the return on investment from our endowment and other activities, including commissioned research. This is why the Campaign for INSEAD is so important. The Campaign enables us to make strategic investments in the future of the school that would not otherwise be possible.

Revenues saw strong performance across all areas in academic year 2017/2018. Highlights included the near-doubling of online revenues, up 48%, with an 8% growth in revenue from Customised Programmes. An increase in Executive MBA participant numbers led to a 9% rise in the programme's annual revenues. Total revenues for the year reached €261M, an improvement of 7% on the previous year.

This year marked our second successive year of record philanthropic donations. This in turn boosted our endowment, the market value of which now stands

at €239M. The strong growth of the endowment and support by our donors confirm it is our bedrock for long-term growth. Many of the core activities that contribute to our academic excellence, such as scholarships, research and teaching are enhanced with funding from the endowment. It is fundamental in achieving our mission.

On the expenditure side, innovation and growth initiatives remain key areas for investment – online education, new faculty members and the Personal Leadership Development Programme of the revised MBA curriculum, to name just a few. The school's significant spending on scholarships to complement the generosity of our donors is another strategic investment that brings huge returns in terms of the quality and diversity of our students.

One large provision on the expenditure side this year came from two tax rulings by the French tax authorities. The first ruling

resulted in a VAT adjustment for shorter Executive Education programmes. We are also no longer eligible to receive a research tax credit that we had claimed previously. The outcome is an accounting provision of €20.6M. This means that the overall financial results for the year show a one-time loss of €8.1M. INSEAD leadership is appealing these rulings and has taken steps to minimise tax risk going forward.

Based on revenue performance and growth projections, INSEAD launched two major capital investments in 2017/2018. The six-year transformation of the Europe Campus represents a renewal of commitment to our European roots, and we are putting down new roots by establishing a permanent space in San Francisco. Work is already well underway on this latest phase of the school's global expansion and we will provide more information on these exciting initiatives throughout the coming year.

## Financial indicators

INSEAD is a not-for-profit institution with entities in various countries. Therefore we are not required to publish consolidated accounts, but all our statutory accounts are audited. We maintain a governance structure that includes several committees of the Board of Directors responsible for Auditing, Finance and Risk, Endowment Management and Remuneration. These financial indicators are directly extracted from audited combined accounts based on IFRS accounting standards. Please note that financial indicators from previous years may change.

In €'000	2018	2017	2016
Total Income	261,350	245,414	219,895
Operating Cash Flow	18,295	16,422	5,505
Cash Flow from Endowment (transfer to operations)	8,885	8,187	8,057
Net cash flow from Financing	(1,927)	(2,852)	3,623
Net cash flow used in Investing	(16,585)	(10,436)	(7,658)
Interest paid	(1,458)	(1,574)	(1,816)
Changes in working Capital & exchange losses/gains	15,429	5,254	7,044
Cash Flow	9,157	14,932	14,754
Cash at year end	91,718	82,561	67,629
Endowment at beginning of the year	212,544	185,976	189,660
Donations received, net	17,120	16,426	4,700
Gains and losses from investment activities	18,128	18,329	(327)
Transfer to operations	(8,885)	(8,187)	(8,057)
Endowment at year end	238,907	212,544	185,976
Endowment performance rate	8.4%	9.5%	-0.2%
Spending rate	4.2%	4.2%	4.5%

## Total revenue in 2017/2018

€261M

