

SIA Stockholm School of Economics in Riga

Registration no. 40003162751

Strēlnieku iela 4A, Riga, LV-1010, Latvia

Annual Report for the Year Ended 31 December 2020

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Company Information

Name of the Company	Stockholm School of Economics in Riga
Legal status of the Company	Limited liability company
Number, place and date of registration	40003162751 Riga, 13 November 1993
Registered address	Strēlnieku iela 4A Riga LV-1010, Latvia
NACE code	85.42 Tertiary higher education
Shareholders	Rīgas Ekonomikas augstskolas – Stockholm School of Economics in Riga Foundation, reg. No. 40008164674 (100%), Strēlnieku iela 4A, Riga, LV-1010, Latvia
Members of the Board	Lars Anders Gustav Paalzow, Chairman of the Board Anders Sixten Georg Alex Alexandersson Santa Blate
Financial year	1 January 2020 to 31 December 2020
Auditors	Egons Liepiņš Certified auditor Licence No. 28 Merhels Revidenti Konsultanti SIA A licensed practice of certified auditors, Licence No. 1 Citadeles iela 12, Riga LV - 1010, Latvia



Management Report

Company's operations in the reporting period

The Stockholm School of Economics in Riga (henceforth the School, SSE Riga or Company) is an autonomous higher education establishment providing academic education. It operates under a trademark license agreement concluded with Handelshogskolan i Stockholm (Stockholm School of Economics, henceforth SSE) on September 10, 2010. There is also a master agreement on education services concluded with SSE on July 1, 2012, specifying the terms for the involvement of SSE faculty in teaching and research activities carried out at the School.

The School offers two degree programmes, a three-year Bachelor's Programme in Economics and Business and a two-year Executive Master of Business Administration (EMBA) programme. Until the beginning of the Covid-19 virus pandemic in March 2020, studies in both programmes took place in person, whereas afterwards - completely or partially remotely, depending on the enforced measures for limiting the spread of the virus in Latvia. During the reporting period the School was very actively recruiting students through digital channels and organized the admissions process online. The Company's employees and lecturers were able to react and adapt quickly to the changes in the work format and ensure the continuity of SSE Riga operations throughout the reporting period. Meanwhile, the Company took care of providing a suitable base of software and technical solutions, adapting services to remote format, as well as creating a maximally secure study environment.

The Bachelor's degree programme is the main activity of the School. During the reporting period 147 new students were admitted to the SSE Riga bachelor's programme. The total number of students registered in the three-year programme fluctuated from 410 on January 1, 2020 to 437 on December 31, 2020. The Bachelor's programme students are mostly admitted from the Baltic states, but also students from Russia, the Eastern Partnership (Belarus, Ukraine, Moldova and Georgia) and other countries are studying at the School. Very important aspect of new student recruitment is availability of the student residence and declared address. Since the middle of year 2020, these services are provided to SSE Riga students through the Company's subsidiary SIA "Patversmes 22", in which the Company is the sole shareholder. During the reporting period, due to travel and other restrictions imposed by the Covid-19 pandemic the volume of the student hotel services decreased significantly.

The SSE Riga EMBA programme students are also mainly recruited from the Baltic states, however there are students also from other countries. The EMBA student group consists of 20-30 experienced managers with a variety of academic and professional backgrounds. During the reporting period, 29 students were admitted to the programme, and the total of 75 were registered in the programme, which was by a few students more than in the previous reporting period. During the reporting period the School introduced changes to the EMBA programme, making it more relevant and attractive for potential students. The two-year modular-based programme broadens students' knowledge in business management, facilitates professional careers, and provides global collaboration opportunities within the SSE alumni network. In 2020, in addition to the above-mentioned modernization of the programme, periodic changes had to be made due to restrictions on the spread of the Covid-19 virus. Part of the study modules the School adapted to the online format, but part had to be re-planned and transferred to the future periods.

During the reporting period, the foundation "Academic Information Center" evaluated both SSE Riga academic programmes, during which the programmes received a positive feedback from the involved experts. It is planned to conclude the accreditation process and receive the final assessment in 2021.

In addition to the degree programmes, the School offers international level executive training through open courses, as well as in-house courses tailor made to the customers' needs and requirements. During the reporting period, most of the programmes were adjusted to the online format as well as new training courses suitable for the remote format were developed.

Educational activities in the field of media are organized within the School's Anne-Marie and Gustaf Ander Centre for Media Studies, which has become a hub for journalism professionals to exchange experiences, learn from renowned speakers and provide inspiration for new cooperation and projects. The Centre for Media Studies operation and its activities have been made possible thanks to the support by the Swedish foundation Anne-Marie and Gustaf Anders Stiftelse för Medieforskning. The highlights of the activities for the reporting period include educational activities for journalists from the Eastern Partnership countries, the Summer School on Investigative Reporting, forum "Reinventing Media Business", and a number of various other projects and events most of which were moved online. Part of the ongoing projects had to be postponed.

The four main sources of revenue to support the core activity of the School, i.e. the Bachelor's programme, consist of:

- tuition fees for the Bachelor's studies;



- other educational activities (incl. Executive Education and EMBA) and research activities providing additional funds;
- donations;
- alumni contributions.

The donations and funds donated by the graduates are handed over to the School mostly through Rīgas Ekonomikas augstskolas – Stockholm School of Economics in Riga Foundation (i.e. Company's Shareholder), hereinafter referred to as the "Foundation"). The main strategic goal is to provide the lowest possible tuition fees in the bachelor programme while maintaining outstanding academic quality in order to attract the most talented students. Thus, the support provided by the Foundation and other donors, as well as additional resources from other activities, have so far provided the School with an opportunity for the students from the Baltic states to receive substantial tuition fee waivers.

During the reporting period part of the alumni donated funds were invested in refurbishment of the building at Strelnieku iela 4A in order to prevent it from deterioration and maintain the building in a good shape.

Financial result of the reporting year

Comparing to year 2019, which finished with a profit of EUR 261 259, in 2020 the profit of the School decreased by EUR 145 178 and was EUR 116 081. Although in the reporting year the School was able to maintain the income from the bachelor's programme tuition fees at the same level as in the previous year, due to Covid-19 restrictions, the income from the EMBA programme tuition fees, executive education programmes, research and consulting, as well as the foreign financial support for education, research and development of journalism decreased significantly. Nevertheless, the revenue decline was significantly offset by the cost reduction. During the reporting period, the Company did not apply for any state support to overcome the consequences of Covid-19.

Future perspectives and further development

The main challenge ahead of the School in a five-year perspective is to attract the resources needed for keeping the bachelor programme tuition fee and the Baltic tuition fee waiver as close to the current level as possible. In this context, it is crucial to maintain and further develop the contacts and cooperation with the donors. At the same time, the School develops close co-operation with the School's Alumni Association, as well as fosters more active involvement of academic staff in research projects and works on attracting full tuition fee paying foreign students. Other types of activity are also encouraged and developed to provide additional income for covering the general costs of the School.

To ensure the maximum number of students in the academic study programmes, the student recruitment activities are actively carried out using the digital tools. In parallel, a work on development of new executive training, journalists' and media managers' education programmes is continued, as well as evaluation of the usefulness and available opportunities of continuous online format usage in the future learning processes.

Research and Development

The School participates in various European Union (hereinafter EU) and publicly-funded research and policy-oriented projects, as well as runs its own research activities and institutes. The School's research profile covers a wide range of fields. The research is carried out in areas such as economics, sustainability, migration, labour mobility, shadow economy, tax policy, finance, healthcare, entrepreneurship, creative industries and others. Both faculty and student research is supported.

The School operates a Sustainable Business Centre. The Centre organizes seminars and conferences as well as publishes research papers on issues related to sustainable business, economics and society development. Furthermore, the Centre is actively participating in the School's curricula. Due to the restrictions of the Covid-19 pandemic, most of the planned activities took place remotely.

Financial risk management

(a) Currency risk:

The School renders its services in euros (EUR), Swedish crowns (SEK) and US dollars (USD). The purchases are primarily made in EUR and SEK. Taking into account the currencies that the School deals with, it is subject to currency risk from transactions in SEK and USD. This risk is minimized by matching sales transactions with purchase transactions in the same currency.



(b) Liquidity risk:

Liquidity risk is the risk that the School will not be able to meet its liabilities timely and effectively. As a part of prudent liquidity management, the School maintains sufficient cash reserves in its bank accounts. The School controls its liquidity risk also by planning payment terms for the borrowings and trade payables. The School has access to short-term finance from the Foundation.

(c) Credit risk:

Credit risk is a risk of loss in case the borrower fails or refuses to meet the liabilities against the School. The School is subject to credit risk related to monetary resources and trade debtors. Management exercises continuous control of the credit risk by analysing the payment history of clients and keeping track of the outstanding balances.

Subsequent events

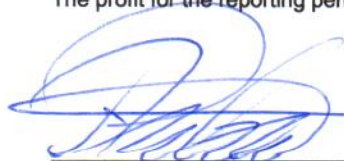
Since March 2020, in the Republic of Latvia as well as in many other countries restrictions related to limiting the spread of the coronavirus Covid-19 entered into force. As a result the economic growth in Latvia and worldwide has fallen. On the date of the Annual Report there is still uncertainty on how the situation will develop in future, and consequently there is uncertainty about the economic development. The Company's management has developed two marginal scenarios for 2021, assesses the situation continuously and reacts according to the enforced restrictions related to the spread of Covid-19, as well as monitors the support mechanisms offered by the state to ensure the continued successful operation of the Company.

Currently, the Company operates remotely and online, but as soon as it will be possible to resume operations in person, the Company will return to the onsite format. After successful introduction of the online admission process in the previous reporting period, also in 2021 the enrollment process of new students in academic programmes of SSE Riga will take place online. The Executive Education Department of the School continues to work on attracting new corporate clients and continues to offer training programmes in the online format. The School's Center for Media Studies provides the ongoing programmes remotely and prepares new project applications for potential grantors. The School also continues the current research and consulting projects and the School's researchers proceed with participating in new grant competitions, only activities requiring physical presence are postponed or re-scheduled, which does not have a significant impact on the financial result.

The Company's management believes that the Company will be able to overcome the consequences of the Covid-19 pandemic. If necessary, the Company plans to ask a loan from the Foundation to solve the short-term cash flow problems. However, this statement is based on the information available at the time of signing of this financial statement and the impact of the next events on the Company's future operations may differ from the management's current assessment.

Board proposals for profit distribution

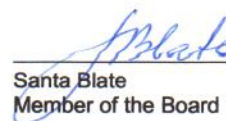
The profit for the reporting period will be used for covering the losses of the previous periods.



Lars Anders Gustav Paalzow
Chairman of the Board



Anders Sixten Georg Alex
Alexandersson
Member of the Board



Santa Blate
Member of the Board

Riga, April 9, 2021

Income Statement

	Notes	2020 EUR	2019 EUR
Net sales		2 120 008	2 727 241
Other operating income	2	1 410 875	2 371 500
		3 530 883	5 098 741
Personnel costs	3	(1 348 186)	(1 377 056)
Depreciation and amortization	5	(62 787)	(65 215)
Other operating expenses	4	(2 000 505)	(3 390 047)
Other interest expenses and similar expenses		(2 856)	(4 033)
		(3 414 334)	(4 836 351)
Profit before corporate income tax		116 549	262 390
Corporate income tax for the financial year		(468)	(1 131)
Profit for the financial year		116 081	261 259

The accompanying notes on pages 9 to 15 are an integral part of these financial statements.



Balance sheet

	Notes	31.12.2020 EUR	31.12.2019 EUR
Assets			
Non-current assets			
Tangible fixed assets			
Buildings	5	821 482	699 908
Other fixed assets and inventory	5	55 029	73 841
Costs of the unfinished construction	5	-	114 888
Advance payments for fixed assets	5	3 730	638
		880 241	889 275
Long-term financial assets			
Investments in subsidiaries	6	360 000	360 000
		1 240 241	1 249 275
Current assets			
Debtors			
Trade receivables	7	233 765	104 533
Receivables from related entities		45 381	43 828
Other debtors	8	5 327	7 124
Prepaid expenses		128 775	116 840
Accrued income	9	199 277	443 416
		612 525	715 741
Cash			
	10	1 057 504	384 957
		1 670 029	1 100 698
Total assets		2 910 270	2 349 973
Liabilities and Shareholder's Equity			
Shareholder's equity			
Share capital	11	1 398 800	1 398 800
Reserves			
a) Other reserves		25	25
Retained earnings brought forward			
a) accumulated losses		(794 943)	(1 056 202)
b) profit for the current financial year		116 081	261 259
		719 963	603 882
Provisions:			
Other provisions	12	15 764	34 936
		15 764	34 936
Current liabilities:			
Advances from customers		3 580	50
Payables to suppliers		22 543	105 489
Payables to related entities		-	400
Tax liabilities	13	61 483	65 379
Deferred income	14	1 948 325	1 360 548
Other creditors		2 103	19 082
Accrued expenses		136 509	160 207
		2 174 543	1 711 155
Total liabilities and shareholder's equity		2 910 270	2 349 973

The accompanying notes on pages 9 to 15 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

Overall considerations

These financial statements have been drawn up in accordance with the Law on the Annual Reports and Consolidated Annual Reports of the Republic of Latvia and the Cabinet of Ministers Regulations on the Application of the Law on Annual Reports and Consolidated Annual Reports. The preparation of the financial statements complies with the requirements that apply to small companies within the meaning of the Law on Annual Reports and Consolidated Annual Reports.

Application of the going concern principle

As at 31 December 2020 the Company's current liabilities exceed its current assets by EUR 504 514 (31 December 2019: EUR 610 457). If deferred income is excluded from current liabilities because it will not generate cash outflows for the Company, then net current assets are positive. In the context of the positive equity, positive operating result for the reporting year and liquidity reserves, despite the possible negative impact of Covid-19, the Company's management believes that the Company will be able to successfully continue its economic activity for at least the next 12 months. Accordingly, the Company's Annual Report has been prepared on a going concern basis.

Consolidation

As the financial results of the Company's subsidiary are insignificant, the Company does not prepare consolidated report with reference to Article 66 of the Law on the Annual Reports and Consolidated Annual Reports.

Use of estimates and assumptions

When preparing the financial statements, which have impact on specific profit and loss items and the balance sheet as well as on the expected amount of liabilities, the management relies on certain estimates and assumptions. Future events may influence assumptions that provide the basis for the estimates. Any changes in the estimates and their impact are reflected in the financial statements at the time they occur.

Significant management judgement and estimation uncertainty

Provisions for guaranteed student loans. At the end of each reporting year the necessity to adjust the provisioning algorithm for the Company's guarantees provided to the banks in connection to the study loans issued to its students is reviewed. At the end of the reporting year no circumstances were identified due to which it would be necessary to adjust the calculation methodology applied so far.

Revenue recognition for projects. Revenues pertinent to unfinished projects at closing of the reporting year the Company estimates based on the amount of costs accrued up to the reporting date, the total planned project costs and the contractual terms of contractual provisions.

Useful life of fixed assets. The Company's management reviews the useful lives of depreciable assets at the ends of each reporting year. No changes during the reporting year in this context made.

Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Foreign currencies

The functional and presentation currency of the School is euro (EUR). The transactions in foreign currencies are recognized in the Company's functional currency at the exchange rate of the European Central Bank ruling at the beginning of the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euro applying the official exchange rate established by the European Central Bank at the last day of the reporting year. Foreign exchange gains and losses are recognised in the income statement in the period they arise.

Revenue and expense recognition

Tuition fees: Income from the tuition fees in Bachelor's and EMBA programmes is recognized proportionally to the volume of services provided during the reporting period. Study fees becoming receivable or received during the reporting year, which are related to preceding study period, are accounted as deferred income. Tuition fees that relate to the reporting year but have not yet been invoiced are recognized in accrued income.

Revenues from projects: The School has concluded contracts about projects that start in one, but end in another reporting period. At the end of the reporting year revenues thereof are assessed separately on a project by project basis with reference to amount of expenses incurred during the reporting year.

Other revenues: Revenues from services are recognized at the time, when they occur.

Donations: Donations are recognized in profit and loss statement, when they are received or in the period, when donation related expenses or reimbursable losses are incurred.

Expenses: Expenses are recognised based on the time of their occurrence rather than the time of payments.

Net sales

Net sales are comprised of revenues from the Bachelor, EMBA, and Executive Education programmes carried out during the reporting period.

Intangible fixed assets

The School recognises only the purchased intangible fixed assets. They are valued by deducting accumulated amortisation from the original value. Amortisation is calculated on a straight-line basis to write down the cost of intangible assets over the estimated useful economic life using the following management approved rates:

	%
Intangible assets	33.33

Computer software maintenance costs are expensed as incurred.

Tangible fixed assets

Purchases of individual tangible fixed assets exceeding EUR 350 and expected to be in use for more than a year are capitalised.

Tangible fixed assets are stated in original value deducting accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis using the following management approved rates:

	%
Building and its components	1
Reconstruction and renovation costs	10
Furniture	20
Portable computers	50
Other fixed assets and intangible assets	33.33

Maintenance and repair costs are expensed in the period they incurred. The costs that extend the useful economic life and/ or improve the economic potential of the underlying asset are capitalized.

Gains or losses on disposals are calculated as a difference between the asset's carrying amount and the disposal proceeds and are included in the income statement during the period in which they are incurred.

The residual values and useful lives of the tangible fixed assets are reviewed and adjusted if appropriate, at the end of each reporting period.

Investment in a related company

Investment in subsidiary is stated at a purchase value deducting impairment losses. Income from subsidiary is recognized only when share of the post-acquisition profits is received. Amounts received in excess of this gain are treated as a recovery of the investment and are recorded as a reduction in the cost of the investment.



If there is objective evidence that an investment is impaired, the impairment loss is calculated as the difference between the investment's carrying amount and its recoverable amount. Recoverable amount is determined as the highest between these two indicators - investment's fair value less selling costs and usage value. An impairment loss on an investment may be reversed if there has been a change in the estimates used to determine the impairment loss since the last impairment loss was recognized.

Loans

Loans are recognised upon disbursement of funds to the borrower. They are derecognised when the contractual rights to the cash flows from the loan expire, or when the loan and all substantial risks and rewards are transferred. Loans are recognized at their initial value.

Trade receivables

Receivables are recognized at a net amount due, which is calculated by deducting provisions for doubtful trade receivable from the book value. Provisions are valued at the amount, which is doubtful to be received. The School recognizes provisions based on an individual assessment of the recoverability of each receivable.

Borrowings

Initially borrowings are recognised at an amount of funds received less net of transaction costs incurred. Interest charges and commissions related to the borrowings are recognized as costs, and they are included in the profit and loss statement in the period in which they incurred.

Deferred income

Deferred income consists of:

- Tuition fees paid by the students that relate to the next financial year;
- Fees paid for the Executive Education study programmes that relate to the next financial year;
- Foreign financial support received for education, research and journalism development, which will be used only in the next reporting year.

Provisions

Provisions are recognized when the Company has incurred a contractual or other irrevocable obligation as a result of past events, and when a reliable estimate can be made of the amount of the obligation.

Guarantees: The School has concluded contracts with banks for guaranteed study loans. According to the contracts, banks provide information to the School about the actual amounts of overdue loans. Based on this information and experience to date, the School makes provisions for the total amount of student loans considered as bad or doubtful by assuming that half of such loans as reported by banks as of the end of the reporting period will not be recovered.

Provisions for costs of lecturers: These provisions are comprised of costs pertinent to activities of lecturers the exact amount or timing of which is uncertain.

Liabilities

Liabilities are shown on the balance sheet as long-term or short-term ones, depending on the maturity of the debt or the maturity of the liability, whichever occurs later than 12 months after the end of the respective reporting year or within 12 months after the end of the reporting year.

Accrued liabilities

Accrued expenses are comprised of liabilities to suppliers for services and goods received during the reporting period for which no invoice has been received at the balance sheet date and estimated amounts of liabilities to employees for unused vacation days accrued during the reporting year, as well as the estimated amounts of liabilities to employees for bonuses for the operating results of the reporting year.

Liabilities to employees for unused leave is calculated based on the number of unused leave days of employees at the end of the reporting year, which is multiplied by the average earnings of employees for the last 6 working months.

Related parties

The Foundation - sole shareholder of the School and the subsidiary SIA "Patversmes 22", are defined as the related undertakings. The following parties are defined as the related parties: SSE, the Foundation - sole shareholder of the School, the Members of the Company's Management Board, their close relatives and companies in which they have a control or significant influence.



	2020 EUR	2019 EUR			
2. Other operating income					
Revenue from foreign grants for education, research and journalism development activities	1 052 702	1 797 120			
Revenue from research, consulting and similar services	151 171	232 999			
Revenue from donations	79 292	83 460			
Revenue from lease and conference organization	78 294	182 308			
Grant from the Shareholder	21 150	43 150			
Grants from state institutions	8 959	11 431			
Other operating income	19 307	21 032			
	1 410 875	2 371 500			
3. Personnel costs					
Remuneration for work	(1 064 465)	(1 085 396)			
Social insurance contributions	(253 086)	(260 219)			
Other personnel costs	(30 635)	(31 441)			
	(1 348 186)	(1 377 056)			
4. Other operating expenses					
Fees for services for education, research and journalism development activities	(1 218 132)	(2 239 414)			
Administration and travel expenses	(205 367)	(342 792)			
Rent and maintenance of premises	(194 473)	(265 733)			
Procurement of books, periodicals, licences and data bases	(159 274)	(143 038)			
Marketing and advertisement expenses	(103 661)	(198 506)			
ERASMUS scholarships and other student costs	(68 964)	(145 071)			
Non-recoverable input VAT	(50 634)	(55 493)			
	(2 000 505)	(3 390 047)			
5. Tangible fixed assets					
	Buildings and constructions** EUR	Other fixed assets EUR	Costs of the unfinished construction* EUR	Advance payments for fixed assets EUR	Total EUR
Cost					
31.12.2019	1 435 796	428 164	114 888	638	1 979 486
Additions	30 391	19 632	-	3 730	53 753
Reclassification	115 526	-	(114 888)	(638)	-
Disposals	-	(9 868)	-	-	(125 394)
31.12.2020	1 581 713	437 928	-	3 730	2 023 371
Accumulated depreciation					
31.12.2019	(735 888)	(354 323)	-	-	(1 090 211)
Charge for the year	(24 343)	(38 444)	-	-	(62 787)
Disposals	-	9 868	-	-	9 868
31.12.2020	(760 231)	(382 899)	-	-	(1 143 130)
Net book value as at 31.12.2019	699 908	73 841	114 888	638	889 275
Net book value as at 31.12.2020	821 482	55 029	-	3 730	880 241

* During the reporting period investments in façade repairs were finished.

** The state building at Strēlnieku iela 4A, Riga invested in the share capital of the Company, cannot be expropriated, pledged or otherwise encumbered. If the Company's operations are terminated, the state invested building shall be handed over to the University of Latvia. If it fails to use the building in accordance with the functions stipulated in its Constitution, the building shall be returned to the state without compensation.

	31.12.2020 EUR	31.12.2019 EUR
6. Investments in subsidiaries		
Investments in subsidiary SIA Patversmes 22, 100%	360 000	360 000
	360 000	360 000

The Company acquired 100% of the share capital of SIA "Patversmes 22" in 2019, which owns the School's dormitory building, in order to continue providing the School's students with a place of residence and declared address, which is especially relevant for foreign students.

7. Trade receivables		
Trade receivables, gross	276 770	134 333
Less: specific bad and doubtful debt provisions	(43 005)	(29 800)
	233 765	104 533

8. Other debtors		
Due from students*	28 684	34 870
Overpaid taxes	892	642
Other debtors	4 435	6 482
	34 011	41 994
Provisions for students' debts	(28 684)	(34 870)
	5 327	7 124

* The School has signed agreements with credit institutions registered in Latvia, acting as guarantor for student loans provided for studies at SSE Riga. In the reporting year the School didn't have to fulfil any guarantee obligations. In the reporting year the School has recovered the student debts incurred in the previous reporting years in amount of 3 536 EUR and written-off debts in amount of 2 650 EUR.

9. Accrued income		
Accrued income from EU and government funded projects	199 277	393 316
Accrued income from EMBA programme	-	46 400
Accrued income for Executive education courses	-	3 700
	199 277	443 416

10. Cash		
Cash at bank	1 055 605	383 170
Cash in hand	1 899	1 787
	1 057 504	384 957

Cash at bank inter-alia includes EUR 205 133 which are held in the Treasury of the Republic of Latvia. These funds can be used only for payments under ERASMUS programme.

11. Share capital

Registered and paid-up share capital consists of 100 ordinary shares with a nominal value of EUR 13 988 each.

12. Other provisions

	Provisions for guaranteed student loans EUR	Provisions for costs of lecturers EUR	Total EUR
31.12.2019	16 084	18 852	34 936
Charge for the year	-	-	-
Reversal of the charge for the year	(320)	(18 852)	(19 172)
31.12.2020	15 764	-	15 764

13. Tax liabilities

	31.12.2020 EUR	31.12.2019 EUR
Social security tax	33 204	36 589
Value added tax	28 279	28 783
Corporate income tax	-	7
	61 483	65 739

14. Deferred income

For foreign grants for education, research and journalism development activities	745 644	348 109
For Bachelor's study programme	702 738	711 181
For EMBA study programme	439 108	267 300
For Executive Education study programmes	38 261	33 793
For donations	22 409	-
Other deferred income	165	165
	1 948 325	1 360 548

15. Personnel information

	2020	2019
Average number of persons employed in the School during the year	57	59

16. Off the balance sheet liabilities

In 2008 the School concluded agreements with Latvian-registered credit institutions for provision of study loans to its students. Students receive the loans in accordance with the schedule set out in the contracts. The total guaranteed amount to the credit institutions as of 31 December 2020 constitutes EUR 1 133 368 (31.12.2019: EUR 1 166 538).

17. Trademark license agreement

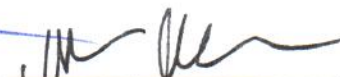
On 10 September 2010, the School entered into an open-ended agreement with SSE about the exclusive rights to use the SSE trademark (brand name) for Bachelor and Master Study programmes provided in the Republic of Latvia. The contract stipulates that royalties for the rights to use the trademarks amounting to 2.5% of gross income should be paid starting with the financial year beginning at 1 July 2015. However, the Founders' Agreement signed on 11 August 2010 specifies that the royalties under the Licence Agreement are payable to SSE only, if SSE Riga has generated sufficient net profit from core operations in the particular year. As no such net profit was generated in 2020 and 2019, no royalty fees were calculated.

18. Approval of the Annual Report

The financial statements on pages 7 to 15 were approved by the Board of Directors on April 9, 2021.



Lars Anders Gustav Paalzow
Chairman of the Board



Anders Sixten Georg Alex
Alexandersson
Member of the Board



Santa Blate
Member of the Board

The financial statements were prepared by Ilga Beča, the Company's Financial Controller.



Ilga Beča
Financial controller