



Financial statements for the year ended
31 December 2018

Christ Bravich

Joachim

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Statement of financial position at 31 December 2018

EUR	Note	31-dec-18	31-dec-17	1-jan-17
ASSETS				
Non-current assets				
Property, plant and equipment	9	6.090	1.235	2.271
Intangible assets	10	4.949	5.774	6.814
Trade and other receivables	14	-	-	-
Total non-current assets		<u>11.039</u>	<u>7.009</u>	<u>9.085</u>
Current assets				
Trade and other receivables	14	51.336	846.105	576.108
Cash and cash equivalents	15	144.119	1.780	11.970
Total current assets		<u>195.455</u>	<u>847.885</u>	<u>588.078</u>
Total assets		<u><u>206.494</u></u>	<u><u>854.894</u></u>	<u><u>597.163</u></u>
EQUITY AND LIABILITIES				
Equity				
Reserves		-	-	-
Retained earnings		<u>32.287</u>	<u>23.098</u>	<u>20.956</u>
Total equity		<u>32.287</u>	<u>23.098</u>	<u>20.956</u>
Current liabilities				
Trade and other payables	17	174.207	52.730	66.209
Borrowings	11	-	75.537	10.005
European Parliament grants	16	-	703.529	499.993
Provisions for other liabilities and charges		-	-	-
Total current liabilities		<u>174.207</u>	<u>831.796</u>	<u>576.207</u>
Total liabilities		<u>174.207</u>	<u>831.796</u>	<u>576.207</u>
Total equity and liabilities		<u><u>206.494</u></u>	<u><u>854.894</u></u>	<u><u>597.163</u></u>

Statement of profit or loss for the year ended 31 December 2018

EUR	Notes	31-dec-18	31-dec-17
Revenue from contracts with customers	4	12.354	25.899
Other income	5	685.936	531.381
Revenu		<u>698.290</u>	<u>557.280</u>
General and administrative expenses	6	689.035	555.403
Other operating income/(expenses)			
Operating profit/(loss)		<u>9.255</u>	<u>1.877</u>
Finance income	7	-	265
Finance costs	7	66	-
Profit/(loss) for the year		<u><u>9.189</u></u>	<u><u>2.142</u></u>

Statement of comprehensive income for the year ended 31 December 2018

EUR	31-dec-18	31-dec-17
Profit/(loss) for the year	9189	2.142
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods	-	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods	-	-
Remeasurement gain/(loss) on defined benefit plans	-	-
Total comprehensive income for the year, net of tax	<u>9.189</u>	<u>2.142</u>

Statement of changes in equity for the year ended 31 December 2018

EUR	Reserves	Retained earning	Total equity
Balance at 1 January 2017	-	20.956	20.956
Profit/(loss) for the year	-	2.142	2.142
Other comprehensive income	-	-	-
Balance 31 December 2017	<u>-</u>	<u>23.098</u>	<u>23.098</u>
Balance 1 January 2018	-	23.098	23.098
Profit/(loss) for the year	-	9.189	9.189
Other comprehensive income	-	-	-
Balance 31 December 2018	<u>-</u>	<u>32.287</u>	<u>32.287</u>

Statement of cash flows for the year ended 31 December 2018

EUR	Notes	31-dec-18	31-dec-17
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year		9.189	2.142
Adjustments for:			
<i>Finance income</i>			
<i>Finance costs</i>		-	265
<i>Net foreign exchange differences</i>			
<i>Depreciation and impairment of property, plant and equipment</i>	9	2.544	1.036
<i>Amortisation and impairment of intangible assets</i>	10	2.201	1.857
<i>Gain on disposal of property, plant and equipment</i>			
<i>Loss on disposal of property, plant and equipment</i>			
<i>Impairment loss on trade receivables</i>			
<i>Movement in provisions, pensions and European Parliament grants</i>	16	-703.529	203.536
Net profit/(loss) before changes in working capital		<u>-689.595</u>	<u>208.836</u>
Changes in working capital:			
<i>Decrease/(increase) in inventories</i>		-	-
<i>Decrease/(increase) in trade and other receivables</i>	14	794.769	-269.997
<i>Increase/(decrease) in trade and other payables</i>	17	121.477	-13.479
Net cash flows from operating activities		<u>916.246</u>	<u>-283.476</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of intangible assets	10	-1.376	-817
Purchases of property, plant and equipment	9	-7.399	-
Proceeds from sale of property, plant and equipment		-	-
Receipt of European Parliament grants		-	-
Interest received		-	-
Net cash flows from investing activities		<u>-8.775</u>	<u>-817</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	11	-75.537	65.532
Proceeds from borrowings		-	-
Interest paid		-	-265
Net cash flows from financing activities		<u>-75.537</u>	<u>65.267</u>
Movement in cash and cash equivalents including bank overdrafts			
		142.339	-10.190
Net increase in cash and cash equivalents		142.339	-10.190
Net foreign exchange difference			
Cash and cash equivalents at 1 January		1.780	11.970
Cash and cash equivalents at 31 December		144.119	1.780

Notes to the consolidated financial statements for the year ended 31 December 2018

1. General information

ECPM is an association incorporated and domiciled in The Netherlands. The registered office is located at Bergstraat 33, 3811NG AMERSFOORT. The party is a Political Party on European Level.

Financial statements

The financial statements for the year ended 31 December 2018 were authorized for issue in accordance with a resolution of the Board of Directors on 25 June 2019

Board of directors

At the end of the financial period, the Board of Directors was composed of the following members:

Name	Function	Start of mandate	End of mandate
Branislav Skripek	President	1-1-2017	
George Rukhadze	Vice-president	7-6-2012	
Jacques Bazen	Treasurer	23-5-2017	
Stieneke van der Graaff	Secretary	7-6-2013	
Filip Łajszczak		23-5-2017	
Valeriu Ghilețchi		23-5-2017	
Ladislav Ilčić		23-5-2017	

Auditors

The statutory audit of the standalone financial statements is performed by EY Bedrijfsrevisoren CVBA represented by Danielle Vermaelen.

Figures in the financial statements

These financial statements are presented in euro, which is the party's presentation currency and the functional currency of the party. All amounts in these financial statements are presented in euro, unless otherwise stated.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

The financial statements of the party for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union. No new IFRS standards that had not yet entered into force in 2018 and did not apply any European exception to IFRS were adopted.

For all periods up to and including the year ended 31 December 2016, The Party prepared its financial statements in accordance with local generally accepted accounting practice (Local GAAP). These financial statements for the year ended 31 December 2018 are the first the Party has prepared in accordance with IFRS. Refer to Note 2.4 and 2.5 for information on how the Party adopted IFRS.

The historical cost convention has been used to prepare the financial statements. The accrual basis of accounting has been used to prepare the financial statements based on the assumption that the party is a going concern and will continue operation in the foreseeable future.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the party’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.2. Summary of significant accounting policies

a) Current versus non-current classification

The Party presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- o Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- o Held primarily for the purpose of trading,
- o Expected to be realised within twelve months after the reporting period ,or
- o Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- o It is expected to be settled in the normal operating cycle,
- o It is held primarily for the purpose of trading,
- o It is due to be settled within twelve months after the reporting period, or
- o There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Party classifies all other liabilities as non-current.

b) Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Party are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in euro (EUR), which is the Party's presentation currency and the functional currency of the Party.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Party at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange rates used in the financial statements

Closing rates	2018	2017
GBP	1,10790	1,12560
USD	0,87390	0,83290
PLN	0,23246	0,24020
RON	0,21410	0,21445

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite. The Party does not have any intangible assets with an indefinite useful life.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the income statement in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Website costs

Research costs are expensed as incurred. Website development costs are only recognized as intangible asset if: 1/ it can be demonstrated that the website will generate probable future economic benefits when, for example, donations can be made through the website and 2/ the Party can demonstrate:

- o The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- o Its intention to complete and its ability and intention to use or sell the asset;
- o How the asset will generate future economic benefits;
- o The availability of resources to complete the asset; and
- o The ability to measure reliably the expenditure during development.

Directly attributable costs that are capitalized as part of the intangible asset include costs incurred for external consultants and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization will begin when development is completed and the asset is available for use. The costs are amortized using the straight-line method over their estimated useful lives (4 years). During the period of development, the asset is tested for impairment annually.

Summary of the policies applied to the intangible assets

	Website
Useful lives	4 Years
Amortisation method used	Straight line basis
Internally generated	Acquired

d) Property, plant and equipment

The Party's property, plant and equipment are mainly composed of IT equipment, furniture, office equipment and leasehold improvements.

Property, plant and equipment are stated at historical cost less subsequent depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Party and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on the assets is calculated using the straight-line method to allocate their cost over their estimated useful lives. These useful lives have been determined as follows:

Property, plant and equipment	Useful lives
IT equipment	4 years
Office equipment and furniture	5 years

The methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate. Where an asset's carrying amount is greater than its estimated recoverable amount, it is written down to its recoverable amount.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

e) European Parliament grants

The party receives a grant from the European Parliament, which is awarded at the end of each accounting year. At this moment there is a reasonable assurance that the grant will be received and all attached conditions (execution of the work plan) will be complied with. Since the grant relates to expense items, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The party makes an assessment at the end of the accounting year of the amount of eligible expenditure it has incurred. The portion of the grant that will cover this expenditure is recorded as income in the income statement. Two scenarios can occur:

- Scenario 1 in which the amount of eligible expenditure matches the grant amount or exceeds the grant amount. In this scenario, the entire grant is recorded as income in the income statement,
- Scenario 2 in which the amount of eligible expenditure is less than the grant amount. In this scenario, the portion of the grant that is not used can be carried over to the next year. The amount of the carry-over will be accounted for as a liability in the balance sheet and will be released the next accounting year once the expenditure it is intended to cover has been incurred.

At the end of the reporting period, the final balance is determined after the external audit. The expenditure that is rejected through this audit will lead to a reduction of the final grant and can result in a reimbursement of a portion of the grant by the political party to the European Parliament. After payment of the final balance, the European Parliament can as well perform an audit even up till 5 years after the payment. This audit can also lead to a reduction of the grant amount and a reimbursement. If the party has to make a reimbursement to the European Parliament that is smaller than 20%, she will impair the remaining receivable. When the reimbursement is larger, the party needs to account for a provision.

f) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the party's cash management.

g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The party's financial assets are composed of trade and other receivables and cash and cash equivalents. These financial assets have been classified as subsequently measured at amortised cost.

The trade receivables do not contain a significant financing component and have been initially measured at the transaction price determined under IFRS 15. The cash and cash equivalents have been initially measured at fair value plus transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- o Financial assets at amortised cost (debt instruments),
- o
- o Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments),
- o Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments),
- o Financial assets at fair value through profit or loss.

The party's financial assets are classified as financial assets as amortised cost (debt instruments) since both of the following conditions are met:

- o The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- o The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The financial assets are derecognized when the rights to receive cash flows from the asset have expired.

In terms of impairment of the trade receivables, the party applies a simplified approach in calculating Expected Credit Losses (ECL). The party does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. A provision matrix that is based on historical credit loss experience has been established, which is adjusted for forward-looking factors specific to the debtors and the economic environment.

All financial assets are fully written off after two years when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Party may also consider a financial asset to be in default when internal or external information indicates that the Party is unlikely to receive the outstanding

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Party's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification. The Party's financial liabilities are all classified in the category loans and borrowings.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The financial liabilities are derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Party does not offset its financial assets and liabilities.

h) Impairment of non-financial assets

The Party assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Party estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

There were no indications that assets may be impaired during the accounting period. Moreover, the Party does not have intangible assets that are not ready to use or are not subject to amortization. As a result, there is no requirement to perform a yearly impairment test.

i) Provisions for other liabilities and charges

A provision is recognized when the Party has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Party expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Party leases office workspace. These leases are classified at the inception date as finance leases or as operating leases. The Party only acts as a lessee and not as a lessor.

Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership to the Party is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Party will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. The Party does not have any finance leases during the period ended 31 December 2018.

Operating leases

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

k) Pensions

Defined contribution plans

The Party does not operate a defined contribution plan.

Defined benefit plans

The Party does not operate a defined benefit plan for its employees.

I) Revenue from contracts with customers

IFRS 15 establishes a five-step model for recognizing revenue from contracts with customers. Under IFRS 15, revenue is recognized for the amount of consideration an entity expects to be entitled to in exchange for goods or services transferred to a customer.

The party has a contract with Member parties of which it receives Member party contributions or Membership fees. Membership fees are fixed in euro; they are payable without deduction of incurred costs, and are adjusted annually in line with Belgian inflation. The fees are paid at the start of the year for a one year membership. As such the revenue that is recorded 31 December equals the membership fees received for the respective year.

The Regulation for membership fee is as follows:

- o The annual Membership Fees of the based on:
 - o A basic sum calculated on the presence of (special) MP's of the Member-party.
The board may grant a full or partial exemption from the obligation to pay a contribution
- o The annual Membership fees for Members Associations, which are determined by the Political Assembly upon proposal of the Treasurer and Secretary General.

There are consequences if a party accumulates arrears in the payment of their annual Membership Fee.

- o One year arrears of membership fees, the party in question loses its speaking and/or voting rights within the organs and bodies of the association as well as its right to propose candidates for positions within the association, until they have paid off their arrears.
- o Two years arrears of membership fees, the Presidency has to propose to the Political Assembly to exclude the party in question.

In line with the IFRS requirements the Party will cease to account for revenue when the collectability criterion is no longer met.

Furthermore the Party performs joint projects, in which it enters into a joint arrangement together with the member foundations. The cost incurred in this projects are partially covered by the member foundations and both parties have joint rights to the asset being created. The portion of the cost covered by the member foundation is set off against the revenue flowing from the invoices issued to the member foundation.

2.3. Standards issues, endorsed and applied

All standards applicable on the 31st of December 2018 are applied by the Party.

2.4. Standards issued and endorsed but not applied

An overview of these standards provided:

- o IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017) – effective date 01/01/2019
- o IFRS 16 Leases (issued on 13 January 2016) – effective date 01/01/2019

2.5. Standards issued but not endorsed

The Party has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The standards, amendments and interpretation that are issued, but not yet effective, up to the date of issuance of the Party's financial statements are disclosed below. The Party intends to adopt these standards and interpretations, if applicable, when they become effective.

IFRS STANDARDS AND INTERPRETATIONS

- o IFRS 17 Insurance Contracts (issued on 18 May 2017) – effective date 01/01/2021

AMENDMENTS

Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) – effective date 01/01/2019

Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017) – effective date 01/01/2019

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) – effective date 01/01/2019

Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018) – effective date 01/01/2020

Amendments to IFRS 3 Business Combinations (issued on 22 October 2018) – effective date 01/01/2020

Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018) -effective date 01/01/2020

The following standards, IFRS 16 Leases are discussed in more detail as the impact on the Party is significant.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Party plans to adopt IFRS 16 retrospectively using the simplified modified retrospective approach to each prior reporting period presented. The Party will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Party will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Party will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Party has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

Due to the adoption of IFRS 16, it is estimated that the Party's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17. During the beginning of the year 2017, the Party performed a preliminary assessment of the IFRS 16 impact. A second assessment will be conducted in which the impact will be quantified.

The Party rents office workspace. All of these are currently accounted for as operating leases under IAS 17. During the Party's conversion to IFRS the latter were analysed applying the IFRIC 4 "Determining whether an arrangement contains a lease" guidance. It was concluded that these arrangements do contain a lease.

Each of the rentals listed above, were analysed applying the IFRS 16 definition of a lease. Once this definition is met, a right-of-use asset and corresponding leasing liability will need to be accounted for at the date of implementation of the new standard. If the definition is not met, the current accounting treatment can remain. The results of this analysis have been summarized in the table below:

Buildings	The Party rents office space in Belgium and in The Netherlands The rent of the Belgian and Dutch office space meets the definition of a lease under IFRS 16.
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2.6. First application of IFRS standards

These financial statements, for the years ended December 31, 2018 and December 31, 2017 are the first that the Party has prepared in accordance with IFRS. For the periods up to and including December 31, 2016, the party prepared its financial statements in accordance with local generally accepted accounting principle (Local GAAP).

The Party has prepared financial statements in accordance with the applicable IFRS standards as of December 31, 2018 with comparable data for the period ended December 31, 2017, as described in Note 2 "Accounting principles". IFRS 1 First-time Adoption of IFRS has been applied in the preparation of the financial statements, and the opening statement of financial position has been prepared as at January 1, 2017, the date of transition of the party to the IFRS.

This note explains the principal adjustments made by the Party in restating its Local GAAP financial statements, including the statement of financial position as at 1 January 2017 and the financial statements for the year ended 31 December 2017.

IFRS 1 requires the application of the IFRS standards in effect at the end of the first period for which the entity presents financial information under IFRS, on a retrospective basis. IFRS 1 permits certain exemptions from the retrospective application of certain aspects of other IFRSs. The following optional exemptions and mandatory exceptions have been used in the preparation of the entity's financial statements.

The applicable mandatory exceptions in IFRS 1 applied in preparing the Party's first financial statements under IFRS, are as follows:

Estimates

An entity's estimates in accordance with IFRSs at the date of transition shall be consistent with estimates made for the same date in accordance with its previous assertions made for its internal financial information purposes, unless there is objective evidence that those estimates were in error.

The Party has considered such information about historic estimates and has treated the receipt of any such information in the same way as non-adjusting events after the reporting period in accordance with IAS 10 "Events after the Reporting Period", thus ensuring IFRS estimates as at 1 January 2017 are consistent with the estimates as at the same date made previously.

Mandatory exceptions

None of exceptions are applicable for the Party and as a result the mandatory exceptions in IFRS 1 did not impact the transition to IFRS.

Exemption elections

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. None of the exemptions were used by the Party in its conversion.

Reclassifications

As stated in this note, these are the first financial statements prepared under IFRS as adopted by the EU.

In accordance with IFRS 1, "First-time adoption of IFRS", the Party retrospectively applied IFRS standards and interpretations effective at the end of the first IFRS reporting period ended on 31 December 2018 to prepare the comparative information for the year 2017 and the opening statement of financial position at the date of transition to IFRS (1 January 2017).

In preparing its opening IFRS statement of financial position, the Party has adjusted amounts reported previously in the financial statements prepared in accordance with Local GAAP. An explanation of how the transition from Local GAAP to IFRS affected the Party's financial position and its financial performance is set out in the following table and in the notes that accompany the table.

	Equity at 01/01/2017	Profit/loss for the period	Other comprehen- sive income	Equity at 31/12/2017
Local GAAP	20.956	2.142	-	23.098
1 Intangibles	-	-	-	-
2 Leases	-	-	-	-
3 Leasehold improvements	-	-	-	-
4 Restoration provision	-	-	-	-
5 ECL	-	-	-	-
6 European Parliament Grant	-	-	-	-
7 Employee benefits	-	-	-	-
Total IFRS restatements	-	-	-	-
IFRS	20.956	2.142		23.098

3. Critical accounting estimates and judgments

The preparation of the Party's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Party based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Party. Such changes are reflected in the assumptions when they occur.

Measurement of provisions

Judgment is required in the estimation of present obligations that arise from past events. These judgments are based on the Party's prior experiences with these issues and are the best estimate of the Party's liability for these items.

The external auditor and/or auditor of the European Parliament can reject expenditure of the Party if not eligible. This can result in a recovery order being issued to the Party and hence a reimbursement of a portion of the grant. If this is the case, the Party sets up a provision at year end. In December 2018 this provision amounts to €0 (2017: €0).

Impairment of non-financial assets

The Party assesses, at each reporting date, whether there is an indication that an asset may be impaired. No such indicators were identified during the accounting period and as a result no impairment test was needed.

Operating lease commitments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified by the Party as operating leases. The Party has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Management exercises judgment in assessing whether or not the Party, at the inception of a lease contract with renewal options, intends to renew the lease term. This judgment has, in turn, an impact on the computation of minimum lease payments leading to the risks and rewards considerations. The lease contracts that are in place are classified as operating leases and the lease commitments under these contracts are disclosed in note 25.

4. Revenue from contracts with customers

The line item "Revenue from contracts with customers" in the income statement relates to:

EUR	31-12-2018	31-12-2017
Type of revenue		
- Membership fees:		
- From parties	9.354	24.809
- From associate members	3.000	1.090
- Total revenue from contracts with customers	12.354	25.899
Geographical market		
Membership fees:		
From Netherlands	2.920	2.610
- From Croatia	2.000	4.480
- From Poland	4.460	5.500
- From Germany	1.192	417
- From France	960	-
- From Others	822	12.892
- Total revenue from contracts with customers	12.354	25.899

The revenue of the membership fees is recorded over time as the service is delivered throughout the year. The contract receivables amount to €0 at 31 December 2018 (€8.800 in 2017). These receivables are non-interest bearing and are generally on terms of 30 to 60 days. In 2018 €0 (2017 € 0) was recognized as a provision on ECL on trade receivables.

5. Other income

The line item "Other income" in the income statement relates to:

EUR	31-12-2018	31-12-2017
Other income		
European Parliament Grant	627.725	499.993
Donations:		
- Above EUR 500	46.482	536
- Below EUR 500	7.440	9.133
Other	4.289	21.719
Total other income	685.936	531.381

6. Expenses by nature

A breakdown of the "General and administrative expenses" by nature can be found in the table below:

EUR	31-12-2018	31-12-2017
Research and development costs	11.417	-
Wages and salaries	213.884	286.387
Social security costs	17.831	18.511
Termination benefits	15.603	-
Employer related costs	56.183	19.813
Advertising and promotional costs	28.336	17.071
Meetings and representation costs	236.138	148.300
Depreciation property, plant and equipment	2.544	1.036
Amortization intangible assets	2.201	1.857
Other	104.898	62.428
Total	689.035	555.403

7. Finance income and costs

EUR	31-12-2018	31-12-2017
Finance income		
Interest income on:		
Other interest income	-	265
Total finance income	-	265
Finance costs		
Interest expense on bank borrowings	66	-
Total finance costs	66	-

8. Employee benefit expense

EUR	31-12-2018		31-12-2017	
	Included in General and administrative expenses	Included in Other operating income/ expenses	Included in General and administrative expenses	Included in Other operating income/ expenses
Wages and salaries	213.884	-	286.387	-
Social security costs	17.831	-	18.511	-
Termination benefits	15.603	-	-	-
Total employee benefit expense	247.318	-	304.898	-

	31-12-2018	31-12-2017
Average number of employees - head office	5	4
Average number of employees - Brussels office	2	2,8
Total average number of employees	7	6,8

9. Property, plant and equipment

EUR	IT material	Total
At 1 January 2017		
Cost or valuation	5.182	5.182
Accumulated depreciation, impairments and other adjustments	-2.911	-2.911
Closing net book amount	2.271	2.271
Period ended 31 December 2017		
Opening net book amount at 1 January 2017		
Additions	-	-
Disposals	-	-
Depreciation charge	-1.036	-1.036
Closing net book amount at 31 December 2017	1.235	1.235
At 31 December 2017		
Cost or valuation	5.182	5.182
Accumulated depreciation, impairment and other adjustments	-3.947	-3.947
Closing net book amount at 31 December 2017	1.235	1.235
Period ended 31 December 2018		
Opening net book amount at 1 January 2018		
Additions	7.399	7.399
Disposals	-	-
Depreciation charge	-2.544	-2.544
Closing net book amount at 31 December 2018	6.090	6.090
At 31 December 2018		
Cost or valuation	12.581	12.581
Accumulated depreciation, impairment and other adjustments	-6.491	-6.491
Closing net book amount at 31 December 2018	6.090	6.090

Finance lease liabilities

The Party did not have any finance lease liabilities for the year ended 31 December 2018.

10. Intangible assets

EUR	Internally generated Intangible assets (Website & Apps)	Websites	Other Intangibles	Total
At 1 January 2017				
Cost or valuation	-	6.814	-	6.814
Accumulated depreciation, impairments and other adjustments	-	-	-	-
Closing net book amount	-	6.814	-	6.814
Period ended 31 December 2017				
Opening net book amount at 1 January 2017				
	-	6.814	-	6.814
Additions	-	817	-	817
Disposals	-	-	-	-
Depreciation charge	-	-1.857	-	-1.857
Closing net book amount at 31 December 2017	-	5.774	-	5.774
At 31 December 2017				
Cost or valuation	-	7.631	-	7.631
Accumulated depreciation, impairment and other adjustments	-	-1.857	-	-1.857
Closing net book amount at 31 December 2017	-	5.774	-	5.774
Period ended 31 December 2018				
Opening net book amount at 1 January 2018				
	-	5.774	-	5.774
Additions	-	1.376	-	1.376
Disposals	-	-	-	-
Depreciation charge	-	-2.201	-	-2.201
Closing net book amount at 31 December 2018	-	4.949	-	4.949
At 31 December 2018				
Cost or valuation	-	9.007	-	9.007
Accumulated depreciation, impairment and other adjustments	-	-4.058	-	-4.058
Closing net book amount at 31 December 2018	-	4.949	-	4.949

There are no significant increases and decreases, the website is always under construction.

12. Financial risk management

Financial risk factors

- a) The Party's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these liabilities is to finance the Party's operations. The Party's principal financial assets include trade receivables, and cash and short term deposits that derive directly from its operations. The Party is exposed primarily to market risk, currency risk and liquidity risk. Party's managers oversee the management of these risks.

The Party's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Party's financial performance. The objective is to identify, quantify, manage and then monitor events or actions that could lead to financial losses.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange risk. The Party's interest rate risk is limited given the short term nature of the borrowings.

Foreign exchange risk

The Party's exposure to the risk of changes in foreign exchange rates relates primarily to the Party's operating activities. Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Party's exposure to foreign currency changes for all foreign currencies is not material.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Party is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Credit risk from operating activities

The trade receivables balance contain the member contributions to be received. The impairment policy of the Party is to write-off receivables as soon as they remain unpaid for two years. When members are excluded, the related receivable is often waived and written-off.

For its receivables, the Party has policies to ensure that her receivables on member parties or members are closely monitored by the finance department. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than two years and are not subject to enforcement activity. The Party does not hold collateral as security.

The credit risk exposure on the Party's trade receivables and contract assets is not significant, because the receivables are all paid before the due-date.

Credit risk from financing activities

Credit risk from balances with banks and financial institutions is managed by the Party's finance department in accordance with the Party's policy.

Liquidity risk

The Party monitors its risk of a shortage of funds using a liquidity planning tool. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2018 (EUR)	Les than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Borrowings	-			-
Trade and other payables	61.551			61.551
Other financial liabilities	112.656			112.656
At 31 December 2017 (EUR)	Les than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Borrowings	75.537			75.537
Trade and other payables	21.875			21.875
Other financial liabilities	30.039			30.039
At 1 January 2017 (EUR)	Les than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Borrowings	10.005			10.005
Trade and other payables	28.029			28.029
Other financial liabilities	28.805			28.805

The Party has no liabilities longer than 5 years.

Changes in liabilities arising from financing activities are shown in the table below:

EUR	1 January 2018	Cash flows	New	31 December
Current interest-bearing loans and borrowings (excluding items listed below)	75.537	-75.537	-	-
Total liabilities from financing activities	75.537	-75.537	-	-

EUR	1 January 2017	Cash flows	New borrowings	31 December 2017
Current interest-bearing loans and borrowings (excluding items listed below)	10.005	-10.005	75.537	75.537
Total liabilities from financing activities	10.005	-10.005	75.537	75.537

Capital Management

The Party's objectives when managing capital are to safeguard the Party's ability to continue as a going concern:

EUR	31-12-2018	31-12-2017	1-1-2017
Cash and cash equivalents - note 15	144.119	1.780	11.970
Less: total borrowings - note 11	-	75.537	10.005
Net cash	144.119	-73.757	1.965

13. Joint Operations

The Party has 20%-80% interest in joint arrangements with the Members for which they conduct together joint projects, such as: conferences, debates, research papers, internal trainings, public events, etc. The party will call for proposals to partners and choose projects that will go through an approval process with the executive board. Once the project is approved they implement the project together with their partner.

14. Trade and other receivables

EUR	31-12-2018	31-12-2017	1-1-2017
European Parliament grant receivable	-	803.527	555.170
Donations receivable	51.336	33.778	6.589
Membership fees receivable	-	8.800	14.349
Less non-current portion	-	-	-
Current portion	51.336	846.105	576.108

The carrying amounts of the Party's trade and other receivables are denominated in Euro.

15. Cash and cash equivalents

EUR	31-12-2018	31-12-2017	1-1-2017
Cash at banks and on hand	64.119	1.779	11.969
Savings account	80.000	1	1
Total cash and cash equivalents (excluding bank overdrafts)	144.119	1.780	11.970

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

EUR	31-12-2018	31-12-2017	1-1-2017
Cash and cash equivalents	144.119	1.780	11.970
Bank overdrafts	-	-	-
Cash and cash equivalents (including bank overdrafts)	144.119	1.780	11.970

16. European Parliament grants

(EUR)	31-12-2018	31-12-2017	
At 1 January	703.529	499.993	
Received during the year		703.529	
Release to the statement of profit or loss	-703.529	-499.993	
Recovery	-	-	
At 31 December	-	703.529	
	31-12-2018	31-12-2017	1-1-2017
Current	-	703.529	499.993
Non-Current	-	-	-
Total	-	703.529	499.993

17. Trade and other payables

EUR	31-12-2018	31-12-2017	1-1-2017
Trade payables	61.551	21.875	28.029
Social security and other taxes	4.554	3.122	4.182
Accrued expenses and deferred income	77.400	404	20.825
Other liabilities	30.702	27.329	13.173
Trade and other payables	174.207	52.730	66.209
Non-current portion	-	-	-
Current portion	174.207	52.730	66.209

The trade and other payables of the Party are current financial liabilities and are non-interest bearing and are normally settled on 30 day terms.

18. Commitments and contingencies

Operating lease commitments – Party as a lessee

The Party has entered into operating leases on office space in The Netherlands, with lease term of 5 years. The Party has the option, under some of its leases, to lease the assets for additional terms of 5 years. The office space in Belgium has an indefinite term.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

EUR	31-12-2018	31-12-2017
Within one year	7.088	6.580
After one year but not more than five years	1.477	7.951
More than five years		
	<u>8.565</u>	<u>14.531</u>

19. Events after the reporting date

There are no significant events after the reporting date.