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Independent auditor's report on the Annual Accounts in accordance with International Financial Reporting Standards of Institute of European Democrats for the year ended 31 December 2018

Opinion

We have audited the annual accounts of Institute of European Democrats (the "Foundation"), which comprise the balance sheet as at December 31, 2018, as well as the income statement of the year, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Foundation as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Accounts* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the annual accounts, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters – Auditor's Opinion on the Annual Accounts and the Final Statement of eligible expenditure actually incurred

We have also audited the Annual Accounts of the Foundation prepared in accordance with the financial reporting framework applicable in Belgium and the Final Statement of eligible expenditure actually incurred, prepared in accordance with rules and regulations applicable to funding of political parties and political foundations at European level. In this regard, we have issued our audit report dated 20 May 2019.

Other Matters

On 29 March 2017, the United Kingdom invoked Article 50 of the Treaty on European Union (TEU) and notified its intention to withdraw from the European Union and the European Atomic Energy Community (EURATOM). At present, negotiations on the withdrawal arrangements are ongoing.

The Foundation has not made any disclosure of its assessment of the impact of Brexit in Provisional Annual Accounts.

We have considered the uncertainties related to the potential effects of Brexit and the assumptions made by the Foundation in this respect on its operations and financial situation.

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Responsibilities of the Board of Directors for the preparation of the Annual Accounts

The Board of Directors are responsible for the preparation and fair presentation of the annual accounts in accordance with IFRS, and for such internal control as the Board of Directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Pursuant to paragraph 1 of Article 23 of Regulation (EU, Euratom) No 1141/2014, the Foundation is required to maintain and report on their annual accounts on the basis of international accounting standards as defined in Article 2 of Regulation (EC) No 1606/2002.

In preparing the annual accounts, the Board of Directors are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Annual Accounts

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

The audit has been performed following our appointment by the European Parliament, which seeks to obtain assurance relating to the Foundation's adherence to its obligations under Article 23 of Regulation (EU, Euratom) No 1141/2004.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors or their delegates regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on use and distribution

The opinion transmitted is only intended for the Foundation and for the European Parliament. It may not be distributed or made available to any other parties, except those who have regulatory rights of access to it. Any review , transmission, dissemination or other use of, or taking of any action in reliance upon this information by any persons or entities other than the Foundation or the European Parliament is prohibited and we will not assume any duty of care or liability towards these persons or entities.

24 July 2019

Ernst & Young Réviseurs d'Entreprises scrl
Represented by

Danielle Vermaelen
Partner*
* Acting on behalf of a BVBA/SPRL

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INSTITUT des DEMOCRATES EUROPEENS

Financial statements for the year ended

31 December 2018

Statement of financial position at 31 December 2018

EUR	Notes	31 December 2018	31 December 2017	1 January 2017
ASSETS				
Non-current assets				
Property, plant and equipment	9	279,30	753,02	1.303,55
Total non-current assets		**279,30**	**753,02**	**1.303,55**
Current assets				
Trade and other receivables	13	687,43	421.849,01	404.609,82
Cash and cash equivalents	14	205.771,85	72.257,11	131.838,23
Total current assets		**206.459,28**	**494.106,12**	**536.448,05**
Total assets		**206.738,58**	**494.859,14**	**537.751,60**
EQUITY AND LIABILITIES				
Equity				
Reserves		(1.204,87)	(1.204,87)	(1.204,87)
Retained earnings		15.225,54	14.973,08	9.914,27
Total equity		**14.020,67**	**13.768,21**	**8.709,40**
Current liabilities				
Trade and other payables	16	16.830,31	18.730,40	25.288,05
European Parliament grants	15	175.887,60	462.360,53	503.754,15
Total current liabilities		**192.717,91**	**481.090,93**	**529.042,20**
Total liabilities		**192.717,91**	**481.090,93**	**529.042,20**
Total equity and liabilities		**206.738,58**	**494.859,14**	**537.751,60**

The accompanying notes are an integral part of these consolidated financial statements.

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

EUR	Notes	31 December 2018	31 December 2017
Revenue from contracts with customers	4	45.000,00	50.000,00
Other income	5	227.862,40	264.389,47
Revenue		272.862,40	314.389,47
General and administrative expenses	6	(272.980,86)	(309.758,87)
Other operating income/(expenses)	6	1.007,27	1.156,62
Operating profit/(loss)		**888,81**	**5.787,22**
Finance income	7	0,00	0,00
Finance costs	7	(636,35)	(728,41)
Profit/(loss) for the year		**252,46**	**5.058.81**

The accompanying notes are an integral part of these consolidated financial statements.

Statement of comprehensive income for the year ended 31 December 2018

EUR	Notes	31 December 2018	31 December 2017
Profit/(loss) for the year		252,46	5.058.81
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		-	-
Total comprehensive income for the year, net of tax		252,46	5.058.81

The accompanying notes are an integral part of these consolidated financial statements.

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

EUR	Reserves	Retained earning	Total equity
Balance at 1 January 2017	(1.204,87)	9.914,27	8.709,40
Profit/(loss) for the year	-	5.058,81	5.058,81
Balance 31 December 2017	(1.204,87)	14.973,08	13.768,21
Balance 1 January 2018	(1.204,87)	14.973,08	13.768,21
Profit/(loss) for the year	-	252,46	252,46
Balance 31 December 2018	(1.204,87)	15.225,54	14.020,67

The accompanying notes are an integral part of these consolidated financial statements.

Statement of cash flows for the year ended 31 December 2018

EUR	Notes	31 December 2018	31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year		252,46	5.058.81
Adjustments for:			
Finance costs	7	636,35	728,41
Depreciation of property, plant and equipment	9	473,72	550,53
Movement in European Parliament grant		(227.862,40)	(264.389,47)
Net profit/(loss) before changes in working capital		(226.499,87)	(258.051,72)
Changes in working capital:			
Decrease/(increase) in trade and other receivables	13	17.411,58	(17.239,19)
Increase/(decrease) in trade and other payables	16	(2.536,44)	(7.286,06)
Cash receipt/(reimbursement European Parliament grant			
Receipt of European Parliament grant		403.750,00	323.000,00
Reimbursement of European Parliament grant		(58.610,53)	(100.004,15)
Net cash flows from operating activities		133.514,74	(59.581,12)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9	-	-
Net cash flows from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		-	-
Net cash flows from financing activities		-	-
Movement in cash and cash equivalents including bank overdrafts		133.514,74	(59.581,12)
Net increase in cash and cash equivalents		133.514,74	(59.581,12)
Net foreign exchange difference			
Cash and cash equivalents at 1 January		72.257,11	131.838,23
Cash and cash equivalents at 31 December		205.771,85	72.257,11

The accompanying notes are an integral part of these consolidated financial statements.

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

1. General information

The Institute of European Democrats is a European Political Foundation incorporated and domiciled in Belgium. The registered office is located at rue de l'Industrie 4, 1000 Brussels. The foundation is a Research Institute linked to the European Democratic Party; it operates through a rich planning of activities that include the arrangement of studies and analysis, and the organization of workshops and public conferences.

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 12 juillet 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
Jean-Claude CASANOVA	President	24/09/2007	Resigned 13/02/2019
Luca BADER	Administrateur Délégué	24/09/2007	04/05/2019
Gérard DEPREZ	Member of the Board	21/11/2011	04/05/2019
François PAULI	Member of the Board	21/11/2011	04/05/2019
Roman BRECELY	Member of the Board	05/05/2017	04/05/2019
Marina DEMETRIOU STAVROU	Member of the Board	13/05/2016	04/05/2019
Zsuzsanna Szelenyi	Member of the Board	05/05/2017	04/0572019
Miguel BURZAKO SAMPER	Member of the Board	14/05/2018	14/05/2020
Name	Function	Start of mandate	End of mandate

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Auditors

The statutory audit of the standalone financial statements is performed by Ernst & Young Bedrijfsrevisoren represented by Danielle Vermaelen.

Figures in the financial statements

These financial statements are presented in euro, which is the foundation's presentation currency and the functional currency of the foundation. 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 foundation 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 Foundation 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 Foundation has prepared in accordance with IFRS. Refer to Note 2.4 and 2.5 for information on how the Foundation 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 foundation 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 foundation'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 3.

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2.2. Summary of significant accounting policies

a) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period ,or
- 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:

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

b) Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Foundation 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 Foundation's presentation currency and the functional currency of the Foundation.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Foundation 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. The foundation doesn't have transactions in foreign currency.

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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 Foundation 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 Foundation can demonstrate:

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

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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.

d) Property, plant and equipment

The Foundation's property, plant and equipment are mainly composed of furniture and material.

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 Foundation 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	4 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 foundation 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 foundation 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 at as income in the income statement. Two scenario 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 Foundation 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 Foundation 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 Foundation'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.

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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 Foundation'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:

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

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- 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 Foundation applies a simplified approach in calculating Expected Credit Losses (ECL). The Foundation 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 Group may also consider a financial asset to be in default when internal or external information indicates that the Foundation is unlikely to receive the outstanding contractual amounts in full.

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 Foundation's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification. The Foundation'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 Foundation does not offset its financial assets and liabilities.

h) Impairment of non-financial assets

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

<u>Finance leases</u>

A lease that transfers substantially all the risks and rewards incidental to ownership to the Foundation 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 Foundation 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 Foundation 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 Foundation does not operate a defined contribution plan.

Defined benefit plans

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

l) 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 foundation 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.

There are three kind of Membership Fees:

- The annual Membership Fees of the based on:
  - A basic sum calculated on the basis of the votes obtained by the party in the last European Elections.
  - A basic sum per member of the party in the respective Group in the European Parliament.

- The annual Membership Fees of the party's Associated Member Parties, based on the votes obtained by these Associated Member parties during the last national elections. The Associated Member parties will start paying Membership Fees immediately after their admission as an Associated Member Party, pro rata temporis.
- 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.

- 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.
- 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 Foundation will cease to account for revenue when the collectability criterion is no longer met.

Furthermore the Foundation performs joint projects, in which it enters into a joint arrangement together with the member foundations. The cost incurred in this projects are for 50% 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 Foundation.

2.4. Standards issued and endorsed but not applied

An overview of these standards provided:

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

2.5. Standards issued but not endorsed

The Foundation 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 Foundation's financial statements are disclosed below. The Foundation intends to adopt these standards and interpretations, if applicable, when they become effective.

IFRS STANDARDS1 AND INTERPRETATIONS

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

The Foundation 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.

Due to the adoption of IFRS 16, it is estimated that the Foundation'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 Foundation performed a preliminary assessment of the IFRS 16 impact. A second assessment will be conducted in which the impact will be quantified.

The Foundation rents office workspace. This is currently accounted for as operating leases under IAS 17. During the Foundation'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 Foundation rents office space in Belgium. The rent of the Belgian office space meets the definition of a lease under IFRS 16.

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 Foundation has prepared in accordance with IFRS. For the periods up to and including December 31, 2016, the foundation prepared its financial statements in accordance with local generally accepted accounting principle (Local GAAP).

The Foundation 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 foundation to the IFRS.

This note explains the principal adjustments made by the Foundation 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 Foundation'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 Foundation 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 Foundation 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 Foundation 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 Foundation 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 Foundation 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 Foundation's financial position and its financial performance is set out in the following table and in the notes beneath the table.

		Equity at 01/01/2017	*Profit/loss for the period*	*Other comprehensive income*	*Equity at 31/12/2017*
Local GAAP		9.914,27	4.106,86	-	14.021,08
Intangibles	1	-1.204,87	951,95	-	-252,87
Total IFRS restatements		-1.204,87	951,95	-	-252,87
IFRS		8.709,40	5.058,81	-	13.768,21

1) Intangibles

Under local GAAP, the costs for developing the Foundation's website are recognised on the balance sheet. IFRS recognises these cost onto the balance sheet as intangible asset only if it can be demonstrated that the website will generate probable future economic benefits when the criteria to recognize an intangible assets are fulfilled. The Foundation solely uses the website for advertising and marketing purposes and therefore cannot recognise the website costs onto the balance sheet. The amount recognized on the balance sheet under Local GAAP is eliminated against equity at 1 January 2017 under IFRS.

3. Critical accounting estimates and judgments

The preparation of the Foundation'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 acfoundationing 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 Foundation 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 Foundation. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables and contract assets

The Foundation uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by customer type).

The provision matrix is initially based on the Foundation's historical observed default rates. The Foundation will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year this could lead to an increased number of defaults and an adjustment of the historical default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Foundation's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Recovery order European Parliament Grant

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 liability at year end. In December 2018 this liability amounts to €0 (2017: €0).

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 Foundation as operating leases. The Foundation 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 Foundation, 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 17.

4. Revenue from contracts with customers

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

EUR	31 December 2018	31 December 2017
Type of revenue		
Membership fees:		
- From associate members	45.000,00	50.000,00
Total revenue from contracts with customers	**45.000,00**	**50.000,00**

The revenue of the membership fees is recorded over time as the service is delivered throughout the year. The contract receivables amount to €0,00 at 31 December 2018 (€0,00 in 2017). These receivables are non-interest bearing and are generally on terms of 60 days. In 2018 €0,00 (€0,00 2017) 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 December 2018	31 December 2017
Other Income		
European Parliament Grant	255.000,00	264.389,47
European Parliament Grant carry-over	(27.137,60)	-
Total other income	**227.862,40**	**264.389,47**

6. Expenses by nature

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

EUR	31 December 2018	31 December 2017
Personnel costs	86.598,76	78.805,16
Infrastructure and operating costs	18.327,64	32.095,90
Administrative expenditure	17.945,12	16.520,30
Meetings and representation costs	146.991,18	164.149,66
Information and publication costs	3.118,16	18.187,85
Total	272.980,86	309.758,87

A breakdown of the "Other operating income/(expenses) - net" by nature can be found in the table below. The income is presented with a negative sign and the expenses are presented with a positive sign.

	31 December 2018		31 December 2017	
EUR	Other operating (income)	Other operating expenses	Other operating (income)	Other operating expenses
Social security and other taxes	-	754.40	-	204,67
Other (income)/expense	-	252.87	-	951,95
Total	-	1.007,27	-	1.156.62

7. Finance income and costs

EUR	31 December 2018	31 December 2017
Finance income		
Interest income on:		
Short-term bank deposits	-	-
Other interest income	-	-
Other finance income	-	-
Total finance income	-	-
Finance costs		
Bank charges	636,35	728,41
Other finance costs	-	-
Total finance costs	636,35	728,41

8. Employee benefit expense

	31 December 2018		31 December 2017	
EUR	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	73.425,75	-	74.544,41	-
Social security costs	13.173,01	-	4.260,75	-
Total employee benefit expense	86.598,76	-	78.805,16	-

	31 December 2018	31 December 2017
Average number of employees - head office	2	2
Total average number of employees	2	2

9. Property, plant and equipment

EUR	IT and Office equipment
At 1 January 2017	
Cost or valuation	3.475,19
Accumulated depreciation, impairments and other adjustments	(2.171,64)
Closing net book amount	**1.303,55**
Period ended 31 December 2017	
Opening net book amount at 1 January 2017	**1.303,55**
Additions	-
Depreciation charge	(550,53)
Closing net book amount at 31 December 2017	**753,02**
At 31 December 2017	
Cost or valuation	3.475,19
Accumulated depreciation, impairment and other adjustments	(2.722,17)
Closing net book amount at 31 December 2017	**753,02**
Period ended 31 December 2018	
Opening net book amount at 1 January 2018	**753,02**
Additions	-
Depreciation charge	(473,72)
Closing net book amount at 31 December 2018	**279,30**
At 31 December 2018	
Cost or valuation	3.475,19
Accumulated depreciation, impairment and other adjustments	(3.195,89)
Closing net book amount at 31 December 2018	**279,30**

Finance lease liabilities

The Foundation did not have any finance lease liabilities for the year ended 31 December 2018 and 2017.

10. Financial assets and financial liabilities

a) Financial assets

Financial assets	31 December 2018	31 December 2017	1 January 2017
	EUR	EUR	EUR
Debt instruments at amortised cost			
Trade receivables	687,43	421.849,01	404.609,82
Total financial assets			
Total current	687,43	421.849,01	404.609,82

b) Financial liabilities: Borrowings

Financial Liabilities	31 December 2018	31 December 2017	1 January 2017
	EUR	EUR	EUR
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings			
Trade and other payables	16.830,31	18.730,40	25.288,05
Total other financial liabilities	16.830,31	18.730,40	25.288,05
Total current	16.830,31	18.730,40	25.288,05

c) Fair Values

The foundation only has short term financial assets and financial liabilities. As a result the carrying amount is a reasonable approximation of the fair value.

11. Financial risk management

a) Financial risk factors

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

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

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 Foundation 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 party contributions to be received. The impairment policy of the Foundation 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 Foundation 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 maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The Group does not hold collateral as security.

The foundation has no historic of credit loss on trade receivable, therefore no exposure to credit loss.

Credit risk from financing activities

Credit risk from balances with banks and financial institutions is managed by the Foundation's finance department in accordance with the Foundation's policy. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2018 and 2017 is the carrying amounts as illustrated in Note 10.

Liquidity risk

The Group 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)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	16.830,31	-	-	-	16.830,31
European Parliament grant	175.887,60	-	-	-	175.887,60

At 31 December 2017 (EUR)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	18.730,40	-	-	-	18.730,40
European Parliament grant	462.360,53	-	-	-	462.360,53

At 1 January 2017 (EUR)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	25.288,05	-	-	-	25.288,05
European Parliament grant	503.754,15	-	-	-	503.754,15

b) Capital management

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

EUR	31 December 2018	31 December 2017	1 January 2017
Cash and cash equivalents	205.771,85	72.257,11	131.838,23
Less: total borrowings	-	-	-
Net cash	205.771,85	72.257,11	131.838,23

12. Joint Operations

The Foundation has a 50% interest in a joint arrangement with the Member Foundations for which they conduct together joint projects, such as: conferences, debates, research papers, internal trainings, public events, etc. .The foundation 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.

13. Trade and other receivables

EUR	31 December 2018	31 December 2017	1 January 2017
Trade receivables	-	-	-
Less: allowance for ECL	-	-	-
Trade receivables - net	-	-	-
European Parliament grant receivable	-	403.750,00	403.750,00
Accrued income and deferred charges	687,43	18.099,01	859,82
Total	**687,43**	**421.849,01**	**404.609,82**
Non-current portion	-	-	-
Current portion	**687,43**	**421.849,01**	**404.609,82**

No carrying amounts of the Foundation's trade and other receivables are denominated in the following currencies.

14. Cash and cash equivalents

EUR	31 December 2018	31 December 2017	1 January 2017
Cash at banks and on hand	205.771,85	72.257,11	131.838,23
Short-term bank deposits	-	-	-
Total cash and cash equivalents (excluding bank overdrafts)	**205.771,85**	**72.257,11**	**131.838,23**

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

EUR	31 December 2018	31 December 2017	1 January 2017
Cash and cash equivalents	205.771,85	72.257,11	131.838,23
Bank overdrafts	-	-	-
Cash and cash equivalents (including bank overdrafts)	**205.771,85**	**72.257,11**	**131.838,23**

15. European Parliament Grants

	31 December 2018	31 December 2017
At 1 January (EUR)	462.360,53	503.754,15
Release to the statement of profit or loss	(255.000,00)	(264.389,47)
Grant correction	-	(80.750,00)
Carry-over	27.137,60	-
Reimbursement	(58.610,53)	(100.004,15)
Award grant next year	-	403.750,00
At 31 December	175.887,60	462.360,53

16. Trade and other payables

EUR	31 December 2018	31 December 2017	1 January 2017
Trade payables	1.343,09	-	2.110,37
Social security and other taxes	493,66	-	-
Accrued expenses and deferred income	12.493,43	14.128,40	122.015,18
Other liabilities	2.500,13	4.602,00	1.162,50
Trade and other payables	16.830,31	18.730,40	25.288,05
Non-current portion	-	-	-
Current portion	16.830,31	18.730,40	25.288,05

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

G. DEPREZ

17. Commitments and contingencies

Operating lease commitments – Foundation as a lessee

The Foundation has entered into operating leases on office space, with lease terms between 3 and 9 years. The Foundation has the option, under some of its leases, to lease the assets for additional terms of 3 to 3 years.

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

	31 December 2018	31 December 2017
	EUR	EUR
Within one year	12.000,00	12.000,00
After one year but not more than five years	60.000,00	60.000,00
More than five years	-	12.000,00
	72.000,00	84.000,00

18. Events after the reporting date

There are no significant events after the reporting date

INSTITUT des DEMOCRATES EUROPEENS

Financial statements for the year ended

31 December 2018

Statement of financial position at 31 December 2018

EUR	Notes	31 December 2018	31 December 2017	1 January 2017
ASSETS				
Non-current assets				
Property, plant and equipment	9	279,30	753,02	1.303,55
Total non-current assets		**279,30**	**753,02**	**1.303,55**
Current assets				
Trade and other receivables	13	687,43	421.849,01	404.609,82
Cash and cash equivalents	14	205.771,85	72.257,11	131.838,23
Total current assets		**206.459,28**	**494.106,12**	**536.448,05**
Total assets		**206.738,58**	**494.859,14**	**537.751,60**
EQUITY AND LIABILITIES				
Equity				
Reserves		(1.204,87)	(1.204,87)	(1.204,87)
Retained earnings		15.225,54	14.973,08	9.914,27
Total equity		**14.020,67**	**13.768,21**	**8.709,40**
Current liabilities				
Trade and other payables	16	16.830,31	18.730,40	25.288,05
European Parliament grants	15	175.887,60	462.360,53	503.754,15
Total current liabilities		**192.717,91**	**481.090,93**	**529.042,20**
Total liabilities		**192.717,91**	**481.090,93**	**529.042,20**
Total equity and liabilities		**206.738,58**	**494.859,14**	**537.751,60**

The accompanying notes are an integral part of these consolidated financial statements.

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

EUR	Notes	31 December 2018	31 December 2017
Revenue from contracts with customers	4	45.000,00	50.000,00
Other income	5	227.862,40	264.389,47
Revenue		272.862,40	314.389,47
General and administrative expenses	6	(272.980,86)	(309.758,87)
Other operating income/(expenses)	6	1.007,27	1.156,62
Operating profit/(loss)		**888,81**	**5.787,22**
Finance income	7	0,00	0,00
Finance costs	7	(636,35)	(728,41)
Profit/(loss) for the year		**252,46**	**5.058.81**

The accompanying notes are an integral part of these consolidated financial statements.

Statement of comprehensive income for the year ended 31 December 2018

EUR	Notes	31 December 2018	31 December 2017
Profit/(loss) for the year		252,46	5.058.81
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		-	-
Total comprehensive income for the year, net of tax		252,46	5.058.81

The accompanying notes are an integral part of these consolidated financial statements.

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

EUR	Reserves	Retained earning	Total equity
Balance at 1 January 2017	**(1.204,87)**	**9.914,27**	**8.709,40**
Profit/(loss) for the year	-	5.058,81	5.058,81
Balance 31 December 2017	**(1.204,87)**	**14.973,08**	**13.768,21**
Balance 1 January 2018	**(1.204,87)**	**14.973,08**	**13.768,21**
Profit/(loss) for the year	-	252,46	252,46
Balance 31 December 2018	**(1.204,87)**	**15.225,54**	**14.020,67**

The accompanying notes are an integral part of these consolidated financial statements.

Statement of cash flows for the year ended 31 December 2018

EUR	Notes	31 December 2018	31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year		**252,46**	**5.058.81**
Adjustments for:			
Finance costs	7	636,35	728,41
Depreciation of property, plant and equipment	9	473,72	550,53
Movement in European Parliament grant		(227.862,40)	(264.389,47)
Net profit/(loss) before changes in working capital		**(226.499,87)**	**(258.051,72)**
Changes in working capital:			
Decrease/(increase) in trade and other receivables	13	17.411,58	(17.239,19)
Increase/(decrease) in trade and other payables	16	(2.536,44)	(7.286,06)
Cash receipt/(reimbursement European Parliament grant			
Receipt of European Parliament grant		403.750,00	323.000,00
Reimbursement of European Parliament grant		(58.610,53)	(100.004,15)
Net cash flows from operating activities		**133.514,74**	**(59.581,12)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9	-	-
Net cash flows from investing activities		**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		-	-
Net cash flows from financing activities		**-**	**-**
Movement in cash and cash equivalents including bank overdrafts		**133.514,74**	**(59.581,12)**
Net increase in cash and cash equivalents		**133.514,74**	**(59.581,12)**
Net foreign exchange difference			
Cash and cash equivalents at 1 January		**72.257,11**	**131.838,23**
Cash and cash equivalents at 31 December		**205.771,85**	**72.257,11**

The accompanying notes are an integral part of these consolidated financial statements.

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

1. General information

The Institute of European Democrats is a European Political Foundation incorporated and domiciled in Belgium. The registered office is located at rue de l'Industrie 4, 1000 Brussels. The foundation is a Research Institute linked to the European Democratic Party; it operates through a rich planning of activities that include the arrangement of studies and analysis, and the organization of workshops and public conferences.

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 12 juillet 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
Jean-Claude CASANOVA	President	24/09/2007	**Resigned 13/02/2019**
Luca BADER	Administrateur Délégué	24/09/2007	04/05/2019
Gérard DEPREZ	Member of the Board	21/11/2011	04/05/2019
François PAULI	Member of the Board	21/11/2011	04/05/2019
Roman BRECELY	Member of the Board	05/05/2017	04/05/2019
Marina DEMETRIOU STAVROU	Member of the Board	13/05/2016	04/05/2019
Zsuzsanna Szelenyi	Member of the Board	05/05/2017	04/0572019
Miguel BURZAKO SAMPER	Member of the Board	14/05/2018	14/05/2020
Name	Function	Start of mandate	End of mandate

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Auditors

The statutory audit of the standalone financial statements is performed by Ernst & Young Bedrijfsrevisoren represented by Danielle Vermaelen.

Figures in the financial statements

These financial statements are presented in euro, which is the foundation's presentation currency and the functional currency of the foundation. 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 foundation 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 Foundation 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 Foundation has prepared in accordance with IFRS. Refer to Note 2.4 and 2.5 for information on how the Foundation 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 foundation 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 foundation'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 3.

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2.2. Summary of significant accounting policies

a) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period ,or
- 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:

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

b) Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Foundation 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 Foundation’s presentation currency and the functional currency of the Foundation.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Foundation 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. The foundation doesn’t have transactions in foreign currency.

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 Foundation 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 Foundation can demonstrate:

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

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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.

d) Property, plant and equipment

The Foundation's property, plant and equipment are mainly composed of furniture and material.

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 Foundation 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	4 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 foundation 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 foundation 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 at as income in the income statement. Two scenario 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 Foundation 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 Foundation 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 Foundation'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 Foundation'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:

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

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- 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 Foundation applies a simplified approach in calculating Expected Credit Losses (ECL). The Foundation 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 Group may also consider a financial asset to be in default when internal or external information indicates that the Foundation is unlikely to receive the outstanding contractual amounts in full.

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 Foundation's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification. The Foundation'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 Foundation does not offset its financial assets and liabilities.

h) Impairment of non-financial assets

The Foundation 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 Foundation 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 Foundation 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 Foundation 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 Foundation 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 Foundation leases office workspace. These leases are classified at the inception date as finance leases or as operating leases. The Foundation 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 Foundation 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 Foundation 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 Foundation 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 Foundation does not operate a defined contribution plan.

Defined benefit plans

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

l) 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 foundation 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.

There are three kind of Membership Fees:

- The annual Membership Fees of the based on:
  - A basic sum calculated on the basis of the votes obtained by the party in the last European Elections.
  - A basic sum per member of the party in the respective Group in the European Parliament.

- The annual Membership Fees of the party's Associated Member Parties, based on the votes obtained by these Associated Member parties during the last national elections. The Associated Member parties will start paying Membership Fees immediately after their admission as an Associated Member Party, pro rata temporis.
- 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.

- 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.
- 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 Foundation will cease to account for revenue when the collectability criterion is no longer met.

Furthermore the Foundation performs joint projects, in which it enters into a joint arrangement together with the member foundations. The cost incurred in this projects are for 50% 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 Foundation.

2.4. Standards issued and endorsed but not applied

An overview of these standards provided:

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

2.5. Standards issued but not endorsed

The Foundation 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 Foundation's financial statements are disclosed below. The Foundation intends to adopt these standards and interpretations, if applicable, when they become effective.

IFRS STANDARDS1 AND INTERPRETATIONS

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

The Foundation 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.

Due to the adoption of IFRS 16, it is estimated that the Foundation'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 Foundation performed a preliminary assessment of the IFRS 16 impact. A second assessment will be conducted in which the impact will be quantified.

The Foundation rents office workspace. This is currently accounted for as operating leases under IAS 17. During the Foundation'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 Foundation rents office space in Belgium. The rent of the Belgian office space meets the definition of a lease under IFRS 16.

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 Foundation has prepared in accordance with IFRS. For the periods up to and including December 31, 2016, the foundation prepared its financial statements in accordance with local generally accepted accounting principle (Local GAAP).

The Foundation 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 foundation to the IFRS.

This note explains the principal adjustments made by the Foundation 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 Foundation'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 Foundation 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 Foundation 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 Foundation 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 Foundation 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 Foundation 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 Foundation's financial position and its financial performance is set out in the following table and in the notes beneath the table.

		Equity at 01/01/2017	*Profit/loss for the period*	*Other comprehensive income*	*Equity at 31/12/2017*
Local GAAP		9.914,27	4.106,86	-	14.021,08
Intangibles	1	-1.204,87	951,95	-	-252,87
Total IFRS restatements		-1.204,87	951,95	-	-252,87
IFRS		8.709,40	5.058,81	-	13.768,21

1) Intangibles

Under local GAAP, the costs for developing the Foundation's website are recognised on the balance sheet. IFRS recognises these cost onto the balance sheet as intangible asset only if it can be demonstrated that the website will generate probable future economic benefits when the criteria to recognize an intangible assets are fulfilled. The Foundation solely uses the website for advertising and marketing purposes and therefore cannot recognise the website costs onto the balance sheet. The amount recognized on the balance sheet under Local GAAP is eliminated against equity at 1 January 2017 under IFRS.

3. Critical accounting estimates and judgments

The preparation of the Foundation'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 acfoundationing 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 Foundation 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 Foundation. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables and contract assets

The Foundation uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by customer type).

The provision matrix is initially based on the Foundation's historical observed default rates. The Foundation will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year this could lead to an increased number of defaults and an adjustment of the historical default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Foundation's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Recovery order European Parliament Grant

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 liability at year end. In December 2018 this liability amounts to €0 (2017: €0).

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 Foundation as operating leases. The Foundation 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 Foundation, 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 17.

4. Revenue from contracts with customers

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

EUR	31 December 2018	31 December 2017
Type of revenue		
Membership fees:		
- From associate members	45.000,00	50.000,00
Total revenue from contracts with customers	**45.000,00**	**50.000,00**

The revenue of the membership fees is recorded over time as the service is delivered throughout the year. The contract receivables amount to €0,00 at 31 December 2018 (€0,00 in 2017). These receivables are non-interest bearing and are generally on terms of 60 days. In 2018 €0,00 (€0,00 2017) 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 December 2018	31 December 2017
Other income		
European Parliament Grant	255.000,00	264.389,47
European Parliament Grant carry-over	(27.137,60)	-
Total other income	**227.862,40**	**264.389,47**

6. Expenses by nature

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

EUR	31 December 2018	31 December 2017
Personnel costs	86.598,76	78.805,16
Infrastructure and operating costs	18.327,64	32.095,90
Administrative expenditure	17.945,12	16.520,30
Meetings and representation costs	146.991,18	164.149,66
Information and publication costs	3.118,16	18.187,85
Total	**272.980,86**	**309.758,87**

A breakdown of the "Other operating income/(expenses) - net" by nature can be found in the table below. The income is presented with a negative sign and the expenses are presented with a positive sign.

	31 December 2018		31 December 2017	
EUR	Other operating (income)	Other operating expenses	Other operating (income)	Other operating expenses
Social security and other taxes	-	754.40	-	204,67
Other (income)/expense	-	252.87	-	951,95
Total	**-**	**1.007,27**	**-**	**1.156.62**

7. Finance income and costs

EUR	31 December 2018	31 December 2017
Finance income		
Interest income on:		
Short-term bank deposits	-	-
Other interest income	-	-
Other finance income	-	-
Total finance income	-	-
Finance costs		
Bank charges	636,35	728,41
Other finance costs	-	-
Total finance costs	**636,35**	**728,41**

8. Employee benefit expense

EUR	31 December 2018		31 December 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	73.425,75	-	74.544,41	-
Social security costs	13.173,01	-	4.260,75	-
Total employee benefit expense	**86.598,76**	**-**	**78.805,16**	**-**

	31 December 2018	31 December 2017
Average number of employees - head office	2	2
Total average number of employees	**2**	**2**

9. Property, plant and equipment

EUR	IT and Office equipment
At 1 January 2017	
Cost or valuation	3.475,19
Accumulated depreciation, impairments and other adjustments	(2.171,64)
Closing net book amount	**1.303,55**
Period ended 31 December 2017	
Opening net book amount at 1 January 2017	**1.303,55**
Additions	-
Depreciation charge	(550,53)
Closing net book amount at 31 December 2017	**753,02**
At 31 December 2017	
Cost or valuation	3.475,19
Accumulated depreciation, impairment and other adjustments	(2.722,17)
Closing net book amount at 31 December 2017	**753,02**
Period ended 31 December 2018	
Opening net book amount at 1 January 2018	**753,02**
Additions	-
Depreciation charge	(473,72)
Closing net book amount at 31 December 2018	**279,30**
At 31 December 2018	
Cost or valuation	3.475,19
Accumulated depreciation, impairment and other adjustments	(3.195,89)
Closing net book amount at 31 December 2018	**279,30**

Finance lease liabilities

The Foundation did not have any finance lease liabilities for the year ended 31 December 2018 and 2017.

10. Financial assets and financial liabilities

a) Financial assets

Financial assets	31 December 2018	31 December 2017	1 January 2017
	EUR	EUR	EUR
Debt instruments at amortised cost			
Trade receivables	687,43	421.849,01	404.609,82
Total financial assets			
Total current	**687,43**	**421.849,01**	**404.609,82**

b) Financial liabilities: Borrowings

Financial Liabilities	31 December 2018	31 December 2017	1 January 2017
	EUR	EUR	EUR
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings			
Trade and other payables	16.830,31	18.730,40	25.288,05
Total other financial liabilities	**16.830,31**	**18.730,40**	**25.288,05**
Total current	**16.830,31**	**18.730,40**	**25.288,05**

c) Fair Values

The foundation only has short term financial assets and financial liabilities. As a result the carrying amount is a reasonable approximation of the fair value.

11. Financial risk management

a) Financial risk factors

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

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

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 Foundation 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 party contributions to be received. The impairment policy of the Foundation 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 Foundation 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 maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The Group does not hold collateral as security.

The foundation has no historic of credit loss on trade receivable, therefore no exposure to credit loss.

Credit risk from financing activities

Credit risk from balances with banks and financial institutions is managed by the Foundation's finance department in accordance with the Foundation's policy. The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2018 and 2017 is the carrying amounts as illustrated in Note 10.

Liquidity risk

The Group 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)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	16.830,31	-	-	-	**16.830,31**
European Parliament grant	175.887,60	-	-	-	**175.887,60**

At 31 December 2017 (EUR)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	18.730,40	-	-	-	**18.730,40**
European Parliament grant	462.360,53	-	-	-	**462.360,53**

At 1 January 2017 (EUR)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	25.288,05	-	-	-	**25.288,05**
European Parliament grant	503.754,15	-	-	-	**503.754,15**

b) Capital management

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

EUR	31 December 2018	31 December 2017	1 January 2017
Cash and cash equivalents	205.771,85	72.257,11	131.838,23
Less: total borrowings	-	-	-
Net cash	**205.771,85**	**72.257,11**	**131.838,23**

12. Joint Operations

The Foundation has a 50% interest in a joint arrangement with the Member Foundations for which they conduct together joint projects, such as: conferences, debates, research papers, internal trainings, public events, etc. .The foundation 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.

13. Trade and other receivables

EUR	31 December 2018	31 December 2017	1 January 2017
Trade receivables	-	-	-
Less: allowance for ECL	-	-	-
Trade receivables - net	-	-	-
European Parliament grant receivable	-	403.750,00	403.750,00
Accrued income and deferred charges	687,43	18.099,01	859,82
Total	**687,43**	**421.849,01**	**404.609,82**
Non-current portion	-	-	-
Current portion	**687,43**	**421.849,01**	**404.609,82**

No carrying amounts of the Foundation's trade and other receivables are denominated in the following currencies.

14. Cash and cash equivalents

EUR	31 December 2018	31 December 2017	1 January 2017
Cash at banks and on hand	205.771,85	72.257,11	131.838,23
Short-term bank deposits	-	-	-
Total cash and cash equivalents (excluding bank overdrafts)	**205.771,85**	**72.257,11**	**131.838,23**

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

EUR	31 December 2018	31 December 2017	1 January 2017
Cash and cash equivalents	205.771,85	72.257,11	131.838,23
Bank overdrafts	-	-	-
Cash and cash equivalents (including bank overdrafts)	**205.771,85**	**72.257,11**	**131.838,23**

15. European Parliament Grants

	31 December 2018	31 December 2017
At 1 January (EUR)	**462.360,53**	**503.754,15**
Release to the statement of profit or loss	(255.000,00)	(264.389,47)
Grant correction	-	(80.750,00)
Carry-over	27.137,60	-
Reimbursement	(58.610,53)	(100.004,15)
Award grant next year	-	403.750,00
At 31 December	**175.887,60**	**462.360,53**

16. Trade and other payables

EUR	31 December 2018	31 December 2017	1 January 2017
Trade payables	1.343,09	-	2.110,37
Social security and other taxes	493,66	-	-
Accrued expenses and deferred income	12.493,43	14.128,40	122.015,18
Other liabilities	2.500,13	4.602,00	1.162,50
Trade and other payables	**16.830,31**	**18.730,40**	**25.288,05**
Non-current portion	-	-	-
Current portion	**16.830,31**	**18.730,40**	**25.288,05**

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

G. DEPREZ

17. Commitments and contingencies

Operating lease commitments – Foundation as a lessee

The Foundation has entered into operating leases on office space, with lease terms between 3 and 9 years. The Foundation has the option, under some of its leases, to lease the assets for additional terms of 3 to 3 years.

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

	31 December 2018	31 December 2017
	EUR	**EUR**
Within one year	12.000,00	12.000,00
After one year but not more than five years	60.000,00	60.000,00
More than five years	-	12.000,00
	72.000,00	**84.000,00**

18. Events after the reporting date

There are no significant events after the reporting date